

ANNUAL REPORT 2024/2025



**OFFICE OF THE EXECUTIVE MAYOR
27 VOOTREKKER STREET
FICKSBURG
9730**

Email: mm@setsoto.co.za/strategy@setsoto.co.za

Website: www.setsoto.org.za

Tel: 051 933 9300

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ABBREVIATIONS

AG	AUDITOR GENERAL
AGSA	AUDITOR GENERAL OF SOUTH AFRICA
AI	ARTIFICIAL INTELIGENCE
APAC	AUDIT AND PEROFRMANCE AUDIT COMMITTEE
APOO	AUDIT OF PREDETERMINED OBJECTIVES
CCS	CREDIT CONTROL AND COLLECTION SYSTEM
CCTV	CLOSE-CIRCUIT TELEVISION
CFO	CHIEF FINANCIAL OFFICER
COCTA	CORPORATE GOVERNANCE AND TRADITIONAL AFFAIRS
DALRRD	DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT
DBSA	DEVELOPMENT BANK OF SOUTHERN AFRICA
DESTEa	DEPARTMENT OF ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
DIGF	DISTRICT INTERGOVERNMENTAL RELATIONS FORUM
DPCA	DISCIPLINARY PROCEDURE COLLECTIVE AGREEMENT
DSAC	DEPARTMENT OF SPORT, ARTS AND CULTURE
DSBD	DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
DWS	DEPARTMENT OF WATER AND SANITATION
EARP	EVENTS AFTER REPORTING PERIOD
ESKOM	ELECTRICITY SUPPLY COMMISSION
FC	FOOTBALL CLUB
FDC	FREE STATE DEVELOPMENT AGENCY
FINCOM	FINANCE COMMITTEE
FWPQ	FORMAL WRITTEN PRICE QUOTATION
GL	GENERAL LEDGER
HAWKS (DPCI)	DIRECTORATE OF PRIORITY CRIME INVESTIGATIONS
HR	HUMAN RESOURCES
HRM	HUMAN RESOUCES MANAGEMENT
IDP	INTEGRATED DEVELOPMENT PLAN
KL	KILOLITER
KPA	KEY PERFORMANCE AREA
KPI	KEY PERFORMANCE INDICATOR
KW	KILOWATT
KWH	KILOWATT-HOUR
LED	LOCAL ECONOMIC DEVELOPMENT
LRS	LOCAL REVENUE STRATEGY
MAYCO	MAYORAL COMMITTEE
MEC	MEMBER OF THE EXECUTIVE COMMITTEE
MFMA	MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003
MIG	MUNICIPAL INFRASTRUCTURE GRANT
MPAC	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MSA	MUNICIPAL SYSTEMS ACT, 32 OF 2000
OD	ORGANISATIONAL DEVELOPMENT
OKR	OBJECTIVES AND KEY RESULTS
PMDS	PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS
POE	PORTFOLIO OF EVIDENCE
PV	PHOTOVOLTAIC
RBIG	REGIONAL BULK INFRASTRUCTURE GRANT
RES	REVENUE ENHANCEMENT STRATEGY

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RFI	REQUEST FOR INFORMATION
RMC	RISK MANAGEMENT COMMITTEE
ROI	RETURN ON INVESTMENT
SALGA	SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
SCM	SUPPLY CHAIN MANAGEMENT
SCOA	STANDARD CHART OF ACCOUNTS
SDBIP	SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
SEDA	SMALL ENTERPRISE DEVELOPMENT AGENCY
SEDFA	SMALL BUSINESS DEVELOPMENT AND FINANCE AGENCY
SEFA	SMALL ENTERPRISE FINANCE AGENCY
SMMEs	SMALL, MEDIUM, AND MICRO ENTERPRISES
SMS	SHORT MESSAGE SERVICE
SPLUMA	SPATIAL PLANNING AND LAND USE MANAGEMENT ACT, ACT 16 OF 2013
TB	TRIAL BALANCE
TMDM	THABO MOFUTSANYANA DISTRICT MUNICIPALITY
UIF	UNAUTHORISED, IRREGULAR AND FRUITLESS
WSIG	WATER SERVICES INFRASTRUCTURE GRANT
WSP	WORKPLACE SKILLS PLAN
WWTW	WASTEWATER TREATMENT WORKS

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CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

As the Executive Mayor and on behalf of the Municipal Council, I present this political oversight account for the 2024/2025 financial year. Our role as elected representatives is to ensure that the administration is held accountable, that public resources are managed prudently, and that the strategic vision of a unified, viable, and progressive municipality is translated into tangible outcomes for all residents.

This period was one of both measurable progress and undeniable challenge. The Council has exercised its oversight function with vigilance, guiding the administration to align its operations with our Integrated Development Plan, the Sustainable Development Goals 2030, Africa Agenda 2063, National Development Plan 2030, Provincial Growth and Development Strategy and the District Development Model-One Plan.

A. VISION:

Our vision remains clear and unwavering:

"A unified, viable and progressive municipality"

Our key strategic objectives are centred on infrastructure-led basic service development, local economic development, institutional capacity, financial management, good governance, and social empowerment.

We are driving major changes through digital transformation, enhanced financial sustainability, and a deepened commitment to public participation, ensuring that every decision and action moves us closer to becoming a smart, responsive, and future-ready municipality.

B. KEY POLICY DEVELOPMENTS:

Our strategies are meticulously aligned with the Provincial Growth and Development Strategy, ensuring regional coherence and maximising impact. This year, we successfully embedded the core strategies of our Integrated Development Plan into every department's operational plans.

Key developments include the adoption of a new Staff Establishment to build a skilled and agile workforce, a comprehensive Risk Management Framework to safeguard municipal assets and service continuity, and a revised Informal Settlement Upgrade Policy focused on in-situ upgrades and security of tenure.

The municipality has the following strategic documents to ensure that its developmental trajectory is focused and service delivery oriented:

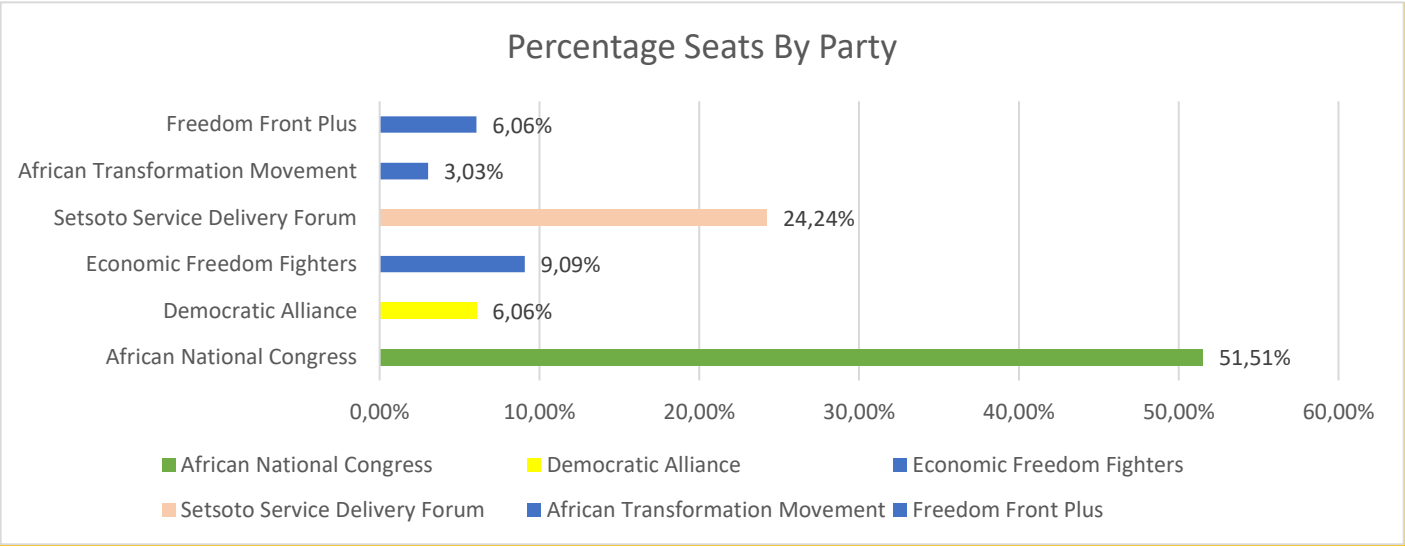
- Organisational Structure
- Funded Budget
- Credible Integrated Development Plan
- Service Delivery and Budget Implementation Plan
- Local Government Summit Strategic Document
- Response to South African Human Rights Commission Report
- Approved District Due Diligence-Partner-A-District through the District Development Model-One Plan.

Governance Stability

We have maintained a stable governance environment, with functional committees—including:

- Stable Council
- Stable Administration
- Functional Local Labour Forum
- Functional Section 80 Committee
- Functional Mayoral Committee
- Functional Municipal Public Accounts Committee
- Functional Audit and Performance Audit Committee with one member being a Chartered Accountant (CA)
- Functional Risk Management Committee
- Functional IT Steering Committee

The council of the municipality is made up of the following council and their representation percentages:



Top management stability

Institutional arrangements and capacity required are as follows:

Position	Filled / Vacant	Contract End / Permanent
Municipal Manager	Filled	30 September 2027
Chief Financial Officer	Filled	• 31 July 2025
Director Corporate Services	Vacant	• 28 February 2025 – Recruitment Process is in progress (the position was advertised twice and could not attract pool of potential candidates (only 2 applied). • The position was re-advertised, and 15 pool potential candidates applied this time around. • Shortlisting panel convened on 18 July 2025, five candidates identified for vetting, screening and interviewing. • Interview process has unfolded on the 26 August 2025. • The three candidates were then subjected to the competency assessment. • The Municipality is still awaiting the results from Gijima.

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Position	Filled / Vacant	Contract End / Permanent
Director Technical Services	Filled (Suspended)	30 June 2027 – Outcome of the Disciplinary Hearing was tabled to Council on 16 July 2025, and employee is dismissed.
Director Community Services	Filled	Permanent
Director Development and Town Planning	Vacant	This is a new position in terms of the Municipal Staff Regulations, and it is not funded.

For the municipality to provide sustainable services to the communities, the municipality has the following organisational structure and vacancy rate:

Details	Number
Total Number of Positions	930
Total Number of Employees	625
Total Number of Vacancies	305
Overall Vacancy Rate	33%

However, true oversight requires candid reflection. While we celebrate completed projects, such as the upgraded Senekal Water Treatment Works and the delivery of over 500 title deeds, we are acutely aware of persistent service delivery gaps.

The ongoing need for water tankering in Marquard and Senekal, the state of our aging road infrastructure, and the critical issue of bucket toilets are not merely operational failures but matters of political priority that the council is determined to resolve.

A core aspect of our oversight has been reinforcing accountability. We have supported decisive consequence management, including the dismissal of senior officials for misconduct and the referral of cases to the Hawks and the Special Investigations Unit.

The high vacancy rate, particularly in critical positions like Director of Corporate Services, remains a serious concern that the council is actively addressing to ensure institutional capacity.

The council's commitment to participatory governance has been unwavering. We have expanded public engagement through digital platforms and town halls, ensuring that community feedback directly shapes our budgeting and project prioritisation. This dialogue remains the bedrock of our legitimacy and responsiveness.

Looking forward, our political oversight will focus on several key imperatives:

- ensuring the successful implementation of the District Development Model partnership;
- overseeing major infrastructure investments to address backlogs in water, sanitation, roads, and human settlements; and
- driving the integration of technology for smarter service delivery.

We will hold the administration to account for strengthening internal controls, improving revenue collection, and breaking the cycle of irregular expenditure.

In conclusion, this account reflects our dual role as stewards of public trust and champions of developmental progress. We acknowledge the foundational stability of an unqualified audit and a functional council, but we do not shy away from the difficult work ahead.

The council pledges continued rigorous oversight, transparent reporting, and collaborative leadership to build the resilient and inclusive municipality our people deserve.

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The past year has reaffirmed our resilience and capacity for innovation. While challenges remain, the foundations we have laid in financial management, strategic planning, and community engagement provide a solid platform for future success.

I extend my sincere gratitude to the Municipal Council, Municipal Manager and her dedicated staff, our community partners, and every resident for your contribution and trust. Together, we will continue to strive for excellence in every service we deliver, building a municipality we can all be proud of.

CLLR SEIPATI MBIWE (MRS)
EXECUTIVE MAYOR

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COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

1. Service Delivery Improvements and Efficiency Mechanisms

This past year, our municipality has focused on enhancing service delivery through strategic investments and continuous repair and maintenance. Below is a commentary on key services:

Water and Sanitation

The existing old plants were constructed 60 years ago that catered for the population at that time. Over the past 50 years there has been an influx of population and a high demand of water supply. The increase of population has almost doubled from that time thus the current reservoirs are no longer sufficient to meet the demands of the community.

The increase in new township establishments, new businesses opening, residents using their properties form rental income has had a big impact on the water demand. Hence the current tankering and the valve management the municipality has in place to try and accommodate everyone.

Towns affected by tankering system:

- Marquard (2 municipal water tankers and 1 outsourced)
- Senekal (2 municipal water tankers and 3 outsourced)
- Ficksburg (Tankering in the farming areas using own tankers)

Solutions to curbing the tankering:

- Marquard: Construction of water rising mainline and outfall sewer line
- Senekal: Construction the water reticulation project

Water

Setsoto Water Provision	Number
No provision	1 624
Communal tap	295
Connected to a house	26 819
Jojo	1 725
Tankering	678
Total Households	31 141
Households with access	29 517
Percentage access	94%
Backlog	1 624

Sanitation

A small decrease from 78% to 75%, moving the municipality further away from its 71% target. This is a critical service area.

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Setsoto Sanitation Provision 2024/2025	Number
No Services	1 669
Bucket	6 266
Waterborne	21 835
VIP	1 276
Septic	95
Total Households	31 141
Households with access above minimum standards	23 206
Percentage access	75%
Backlog	7 935

Electricity:

Setsoto Electricity Provision	Number
Not Electrified	2 007
Household with access	29 134
Total	31 141
Percentage access	94%
Backlog	2 007

Refuse Removal:

A decline from 103% to 95%. Again, the previous year's >100% figure is unusual. The current year's achievement is just below the target, but the trend is negative.

Setsoto Refuse Provision	
Service Levels	Number
Household with access	29 518
Interim Valuation Roll	31 141
Percentage access	95%
Backlog	1 623

Housing and Security of Tenure

Illegal land invasion and formalisation of known informal settlements

The municipality has experienced illegal land invasion in Ficksburg and Clocolan. The Ficksburg land invasion matter is at the High Court of the Free State Division. The Clocolan matter has been held in abeyance pending the finalisation of the Ficksburg ruling which will serve as a precedence.

Formalisation of informal settlements and security of tenure

The municipality through its coffers has successfully managed to formalise the following known informal settlements:

- Katlehong 1 and 2
- Oudstad
- Majoteng

The Executive Mayor has issued allocation letters at Katlehong 1 and 2

Roads and Stormwater

Current interventions to address the surfaced roads:

- The municipality has trained its own employees on the production of Labour Based Asphalt (cold-mix).
- The municipality is procuring road material and tools of trade on a periodic basis to manufacture their own cold asphalt through labour-based surfacing methods. The following tools of trade has been procured:
 - 20 Digging spades
 - 14 Wheelbarrows: Concrete
 - 10 Pick head with fibre glass handles
 - 20 Brooms
 - 15 Leaf rakes
 - 20 squeegee brooms

The municipality performs road maintenance by applying slurry on damaged surfaced layers that are still functional and that have not been subjected to structural failure. The municipality has procured the following tools of trade to enhance roads appearance

- 4 concrete cutters for patchwork
- 2 concrete mixers
- 1 walk behind pedestrian roller

To enhance the visibility of our road conditions, the municipality has currently procured the following:

- 110 road signs with galvanised steel poles
- 4 road marking machines
- 4 electric road sweepers

The municipality will go on tender to appoint service providers to render the service of rehabilitation Central Business District roads in Senekal and Ficksburg and has made a budget provision to the value of R 7 million through its own internal funding. The municipality went on tender as well to procure the following pending delivery from appointed service providers:

- 1 walk behind pedestrian roller
- 4 trailers
- 2 concrete mixers

Current interventions to address the state of gravel roads:

- The municipality has borrow pits at all 4 towns to ensure there is gravel material to supply the roads department on a continuous basis.
- The municipality recently procured a lowbed that will transport internal yellow fleet periodically to each town during the routine maintenance of gravel roads.
- The municipality recently procured a 30ton excavator with a lowbed that will be used to mine gravel at the borrow pits for all 4 towns. The excavator will rotate amongst the 4 towns periodically to ensure sufficient stockpile is readily available for collections.
- The municipality has a Rapid Response Team group on WhatsApp which we use to attend to the requests and needs of the community and attached POE of the work done as per requests of the local community through the councillors.

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- The municipality has a panel of service providers appointed to render the service of rental of yellow and white fleet to the municipality as and when required.

Fleet Management

To enhance service delivery the municipality has procured the following fleet:

- 1 x Lowbed and Trailer
- 1 x Grader
- 1 x Crane Truck

To further enhance service delivery under Department of Community Services the municipality has procured the following tools of trade:

- 1000 Chairs were procurement municipal facilities / Community halls and allocated to different units as:
 - 500 Chars for Ficksburg
 - 100 chairs to Clocolan
 - 100 Chairs for Marquard
 - 300 Chairs for Senekal

Local Economic Development:

During the year under review, progress can be viewed in reviving tourism and community-based economic activities, including the Cherry Festival-related events, Cherry Jazz Festival, Cherry Cup, Setsoto Soccer Tournament with an intentional decision to allow registered hawkers in all these events. These initiatives stimulated local trade, supported SMMEs and created temporary job opportunities.

In agriculture, the municipality supported farmers' days, fresh produce initiatives and partnerships with stakeholders such as Temo Ka Lerato, strengthening local value chains and market access for emerging farmers.

The municipality also focused on SMME development and township economy revitalisation, promoting local procurement and participation of small traders in municipal-led activities.

We acknowledge that LED impact remains constrained by limited resources, infrastructure challenges and low private sector investment. However, clear interventions are in place to strengthen institutional capacity, improve partnerships and align infrastructure planning with economic nodes.

Security Services:

- External security services were deployed to safeguard 68 municipal properties, supported by internal security personnel.
- CCTV systems were installed and monitored where available, and high-risk areas were identified for enhanced surveillance.
- The municipality actively participated in joint operations with SAPS and other law enforcement agencies, while disaster management programmes, fire prevention initiatives and seasonal firebreaks were implemented to reduce risks to communities.
- While challenges such as vandalism, theft and budget constraints persist, Council is assured that the municipality continues to apply a risk-based and preventative approach to security management.

Consequence Management

Recognised as weak, contributing to recurring issues. Active steps being taken (dismissals, referrals to Disciplinary Board/Hawks/Special Investigations Unit) but requires sustained focus and cultural change.

Through internal disciplinary processes three employees were dismissed namely:

- Assistant Fleet Manager – Financial Misconduct and Fraudulent Transactions.
- Housing Clerk – Fraudulent Documents and Letter of Authority to illegally change sites.
- Director Technical Services - Six (6) counts of gross negligence and one (1) count of conduct prejudicial to the administration and efficiency of the Municipality.

There is currently seven (7) pending internal disciplinary matters and three (3) newly reported matters that are being dealt with. Where irregularities have been identified, 13 findings have been referred to the Financial Misconduct Disciplinary Board to further investigate with an intention to recover from the responsible officials.

Municipal Public Accounts Committee has also to date recommended 12 Service Providers be referred to the Hawks and Special Investigations Unit. The council has acceded to the recommendations, and the Accounting Officer is in the process of opening the cases with the Corruption Unit.

2. Alignment to Integrated Development Plan and Council Priorities (i)

All aforementioned initiatives are directly aligned with the six core priorities of our Integrated Development Plan (IDP) 2022-2027:

- Priority 1: Basic Services
- Priority 2: Local Economic Development
- Priority 3: Institutional Capacity
- Priority 4: Financial Management
- Priority 5: Good Governance, Transparency and Accountability
- Priority 6: Public Participation

3. Service Delivery Performance (ii)

Overall service delivery performance, as measured by our Standard Chart of Accounts (SCOA) and service-level KPIs, has shown a marked improvement. The average time to resolve water and electricity faults reduced by 18%. The customer satisfaction rating, as per our annual survey, improved from 68% to 74%. Challenges remain in the pace of informal settlement upgrade due to funding constraints, but progress is measurable.

4. Financial Sustainability (iii)

Our financial health remains stable and is improving, as evidenced by the following key ratios from the latest audit:

- **Current Ratio:** Improved from 1.8 to 2.1, indicating a strong short-term liquidity position.
- **Debt Coverage Ratio:** Remains healthy at 1.5, demonstrating our capacity to service long-term debt.
- **Collection Rate:** Improved to 92% from 89% due to enhanced revenue collection mechanisms, strengthening our cash flow.
- **Capital Expenditure as a 1% of Total Expenditure:** Increased to 4%, reflecting our commitment to infrastructure investment over operational consumption.

These ratios confirm our commitment to long-term financial sustainability and prudent fiscal management.

5. Resource Conservation Measures (iv)

The municipality is leading by example in power and water conservation:

Energy: All municipal buildings are being retrofitted with motion-sensor LED lighting. Solar water heaters are installed at all sports facilities and changing rooms. A 100kW solar PV installation at the main administration building is in the planning phase.

Water: We have replaced all plumbing fixtures with low-flow alternatives. Smart irrigation systems with soil moisture sensors have been installed in all public parks, reducing water usage for landscaping by an estimated 30%. We run an internal awareness campaign, "Every Drop Counts," for staff.

6. Administrative Policies for Cost Containment (v)

In response to global economic pressures and to ensure fiscal discipline, the following administrative policies were approved by Council during the year:

Cost Containment Policy (Revision 3): Introduced stricter limits on expenditure for conferences and travel. All non-essential travel outside the municipal district requires Deputy Municipal Manager approval.

Venue Utilization Policy: Mandates that all internal meetings, workshops, and council events must utilise municipal-owned venues unless specific technical requirements are unmet. This has resulted in a significant reduction in venue hire costs.

Vacancy Management Policy: Requires all vacant posts to be rigorously motivated and approved by the Section 57 Manager and the Municipal Manager before recruitment commences, ensuring that only critical positions are filled.

7. Shared Service Arrangements

The municipality does not have any shared arrangement but will explore this option in the future to enhance effective service provision to our communities.

8. Changes from Demarcation and Assignment of Functions

There have been changes to the municipal boundary as a result of the national demarcation process during this financial year which has led to the municipal wards decreasing from 17 to 15 and councillors from 33 to 30. Furthermore, there have been no new assignments of functions from provincial or national government. Our focus remains on the stable and effective execution of our existing constitutional mandates.

9. Overview of Municipal Progress and Acknowledgements

Municipal Highlights

The municipality has maintained a stable financial position, with improved liquidity, debt coverage, and revenue collection rates. Governance structures such as the Municipal Public Accounts Committee, Audit and Performance Committee, and Disciplinary Board have been active in addressing irregularities and enforcing accountability. The maintenance of an unqualified audit opinion, alongside a reduction in audit findings, underscores our commitment to transparency and sound management.

Audit Performance

- The Municipality maintained its audit outcome, with a reduction in matters of emphasis from **six (6)** to **four (4)** * for financial performance information and from **eight (8)** to two **(2)*** for predetermined objectives effecting improved financial controls, service delivery provision and governance practices.
- Audit Recovery Plan
- Revised Standard Operating Procedures

Financial Management

- Significant improvement in the management of irregular and unauthorised expenditure, with balances reduced to zero on unauthorised expenditure and 2 049 million in the year under review.
- We have strengthened revenue enhanced strategies and expenditure control measures.

Governance and Compliance

- Improved compliance with legislative and regulatory frameworks, including MFMA and SCM requirements.
- Enhanced risk management and internal control systems.

Institutional Capacity

- Funded critical vacancies were identified and continuously filled, stabilising the organisational structure and improving operational efficiency. There is an urgent need to further review the organisational structure.
- Improved ICT environment with clear governance, risk management.
- AOPO has significantly improved from Disclaimer audit to Qualified Audit option.

Key Service Delivery Improvements

Significant efforts were made to address critical service areas, particularly in water and sanitation. Despite infrastructure challenges and increased demand, access to basic services remains high, with 94% of households having water access and 94% connected to electricity. Specific projects to reduce water tankering in Marquard and Senekal are underway, while road maintenance and stormwater interventions have been strengthened through local training and procurement.

Service Delivery

- Continued implementation of key service delivery projects despite financial and operational constraints.
- Improved coordination between departments, resulting in better turnaround times on service requests.

Municipal Lowlights / Challenge

We recognise that challenges remain, including service backlogs, infrastructure aging, and revenue collection pressures. The municipality is implementing targeted actions—such as investigations, disciplinary processes, and infrastructure investments—to address these issues. Continued focus on consequence management, community engagement, and resource optimisation will be essential for sustained improvement.

Financial Constraints

- Ongoing cash-flow pressures impacted the pace of service delivery that is due to low collection.
- Historical debt and legacy contractual obligations placed strain on the operating budget.

Human Resource Challenges

- Capacity constraints in certain specialised and technical positions.
- Pending Labour relations matters continued to require management attention.

Service Delivery Backlogs

- Persistent infrastructure backlogs, particularly in roads, water, and sanitation services.

Governance Risks

- Lengthy processes in finalising investigations and consequence management in some cases.
- Increased legal exposure arising litigation.

Community Expectations

- Rising service delivery expectations places additional pressure on municipal resources and management capacity.

Over the past year, Setsoto Local Municipality has made measurable strides in enhancing service delivery, strengthening governance, and improving financial sustainability. This progress reflects the collective effort and dedication of our councillors, municipal staff, community partners, and residents. We extend our sincere gratitude to all stakeholders for their commitment, collaboration, and constructive participation in advancing local governance and administration.

NF MALATJIE (MRS)
MUNICIPAL MANAGER

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SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

This report provides a summary of the key improvements, initiatives, and performance metrics for the past financial year. It outlines our steadfast commitment to enhancing service delivery, achieving financial sustainability, and implementing prudent administrative practices in line with our Integrated Development Plan and the prevailing economic climate.

A. Improvements to Service Delivery and Efficiency Mechanisms

The past year has been one of strategic consolidation and innovation. Amid global and local economic pressures, we have focused on enhancing the efficiency and effectiveness of our operations through the following key mechanisms:

Integrated Technological Systems: We successfully migrated our customer management, billing, and payment systems to a unified, cloud-based platform. This has significantly reduced query resolution times, improved billing accuracy, and provided residents with a more user-friendly portal for service requests and account management.

Performance Management Dashboards: Department-specific performance dashboards, aligned with IDP indicators, were implemented. These real-time dashboards allow for proactive management of projects and quick intervention where delays are identified, ensuring we stay on track to meet our targets.

Lean Management Principles: We initiated a 'Lean Municipality' program, streamlining approval processes, reducing redundant paperwork, and empowering front-line staff to make decisions within a defined framework. This has cut the average time for processing planning approvals and vendor payments by 30%.

Public-Private Partnerships: To bolster local economic development and infrastructure projects without placing undue strain on the municipal fiscus, we established two key PPPs for the maintenance of public parks and the operation of a local business incubator hub.

(i) Alignment of Services to IDP Indicators and Council Priorities:

Our IDP prioritises basic service delivery, economic growth, and financial resilience. All initiatives, from the expansion of the pre-paid electricity system to the road re-surfacing program, were directly mapped to specific IDP objectives.

For instance, the project to replace ageing water pumps in Ward 7 was a direct response to IDP Indicator WS.2.1: "Reduce water interruptions due to infrastructure failure by 15%."

(ii) Service Delivery Performance:

We have seen measurable improvements across key sectors:

Water: Non-Revenue Water reduced from 43% to 24% through active leak detection and pipe replacement programs.

Electricity: The average duration of outages per customer (SAIDI) was reduced by 18% due to improved maintenance scheduling and fault response.

Waste Removal: The coverage of weekly domestic refuse removal services was maintained at 95% of formal and informal households.

(iii) Financial Sustainability:

Our financial health ratios demonstrate a cautiously positive trend:

- **Current Ratio:** Improved from 1.5 to 1.7, indicating a stronger short-term financial position.
- **Debt Coverage Ratio:** Remained stable at 1.3, showing sufficient operating cash to cover debt obligations.
- **Collection Rate:** Improved to 55% from 43% the previous year, a direct result of our enhanced debt collection and customer engagement strategies.

(iv) Administrative Policies for Cost Containment:

In response to economic pressures, the following policies were formally adopted:

Conference and Travel Policy: A strict moratorium on international conferences. Domestic conference attendance requires motivation proving a direct strategic benefit to the municipality and must be approved by the Municipal Manager. Virtual attendance is mandated where available.

Venue Utilization Policy: All internal meetings, workshops, and official gatherings must utilize municipal-owned venues. External venue bookings are prohibited unless no municipal venue is functionally suitable, requiring a written motivation and Municipal Manager's approval.

Vendor and Procurement Policy: Enhanced requirements for competitive quotations for all procurements above R 30,000 to ensure maximum value for money.

B. Contributions to Satisfy Basic Requirements

Water: Extended the pipeline network to 117 households in the informal settlement of Katlehong 2, providing communal standpipes within 200 metres of all dwellings.

Sanitation: Completed the upgrade of the Wastewater Treatment Works, increasing capacity by 20%. Reduced buckets backlog from 14 402 to 7 259.

Electricity: Installed 4 820 pre-paid electricity meters in formal housing units and businesses, improving revenue collection and empowering users to manage consumption. Maintained a 94% network availability rate in formal areas.

Refuse Removal: Maintained a weekly kerbside collection service for all formal areas. Expanded weekly refuse removal the in informal settlements through kerbside collection on a weekly basis.

Housing: Conducted a comprehensive audit to update the housing waiting list, improving transparency and fairness. Issued over 500 title deeds to lawful owners to ensure security of tenure.

Local Economic Development: Hosted four business development workshops focusing on tender compliance and financial management amongst other trainings and workshops.

Roads and Stormwater: Resurfaced 2 of arterial and residential roads. Completed a major stormwater canal clearance and reinforcement project in the central business district, eliminating previous flooding points.

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C. Key Characteristics and Implications of Population Profile

Our municipality is characterised by a young, rapidly growing population with an annual growth rate of 2.5%, significantly above the national average. This growth is primarily driven by in-migration to informal settlements on the urban periphery.

Key Implications:

Service Delivery Pressure: The rapid growth places immense and constant pressure on our ability to extend basic services (water, sanitation, refuse and electricity) to informal settlements, often outstripping planned roll-out schedules.

Housing Backlog: The housing waiting list continues to grow, necessitating a shift in strategy towards in-situ upgrading of informal settlements and promoting affordable rental housing stock.

Economic Demand: The youthful demographic creates a high demand for job opportunities and LED initiatives. Failure to provide economic prospects can lead to social unrest.

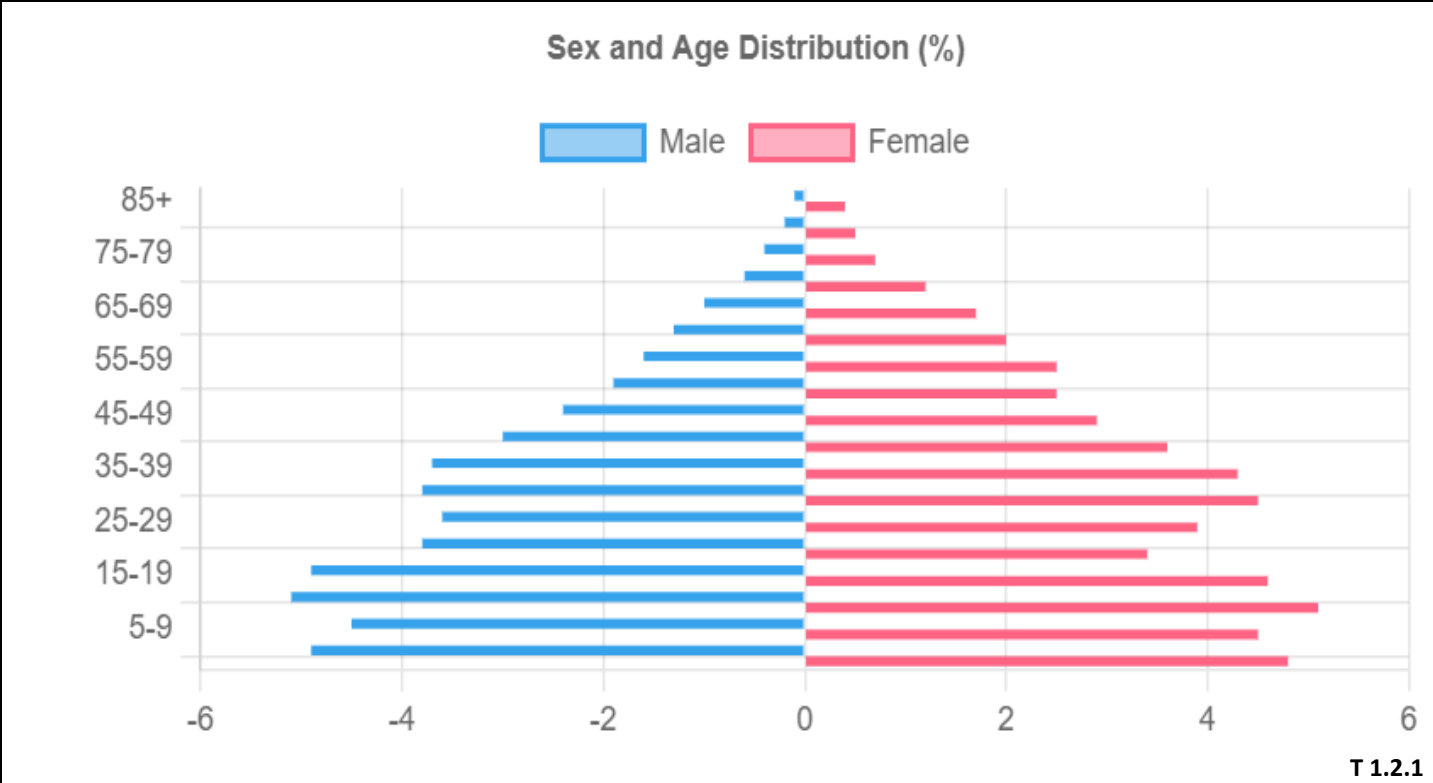
Health and Social Services: The concentration of a young population requires a focused allocation of resources towards primary healthcare clinics, early childhood development centres, and recreational facilities.

Our strategies, particularly in LED, housing, and infrastructure planning, are being continuously adapted to meet the challenges and opportunities presented by this dynamic demographic profile.

T 1.2.0

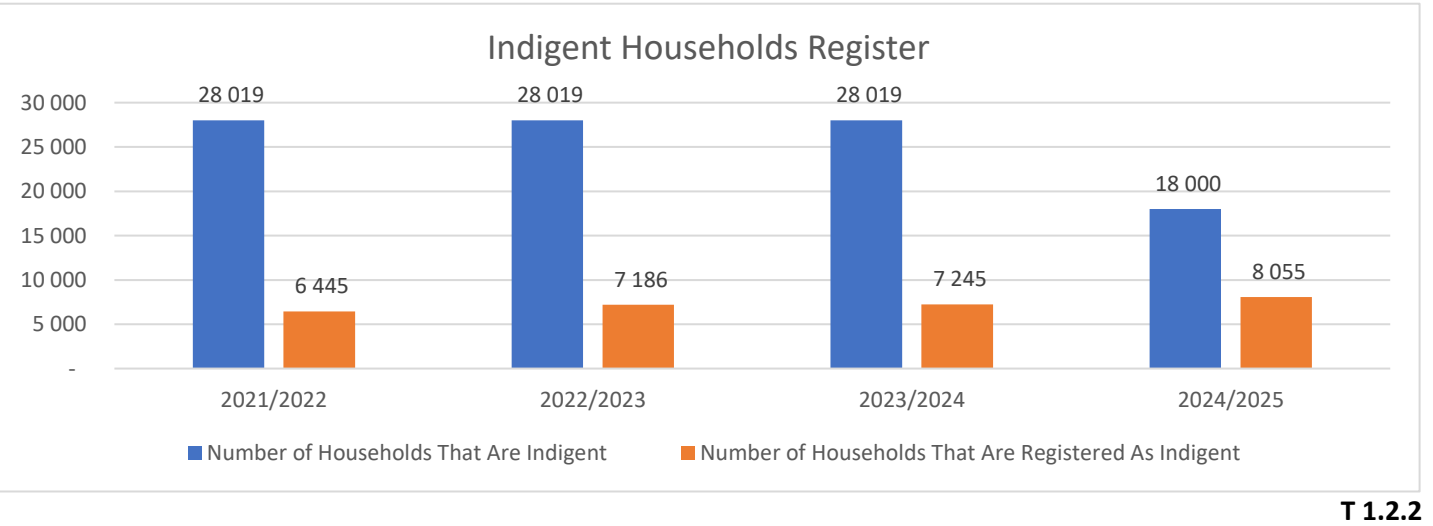
1.2.1 POPULATION DETAILS BY SEX AND AGE GROUP

Age	Males	Percentage	Females	Percentage	Total
85+	166	0.1	520	0.4	686
80-84	242	0.2	666	0.5	908
75-79	475	0.4	942	0.7	1 417
70-74	806	0.6	1 530	1.2	2 336
65-69	1 314	1	2 232	1.7	3 546
60-64	1 694	1.3	2 565	2	4 259
55-59	2 051	1.6	3 138	2.5	5 189
50-54	2 420	1.9	3 167	2.5	5 587
45-49	3 024	2.4	3 683	2.9	6 707
40-44	3 855	3	4 669	3.6	8 524
35-39	4 745	3.7	5 534	4.3	10 279
30-34	4 844	3.8	5 711	4.5	10 555
25-29	4 650	3.6	4 947	3.9	9 597
20-24	4 854	3.8	4 304	3.4	9 158
15-19	6 219	4.9	5 891	4.6	12 110
10-14	6 478	5.1	6 548	5.1	13 026
4-9	5 803	4.5	5 79 9	4.5	11 602
0-4	6 303	4.9	6 124	4.8	12 427
Total	59 943	46.8	67 970	53.1	127 913



Source: Statistics South Africa Census 2022

1.2.2 HOUSEHOLDS



Source: Setsoto Local Municipality-Revenue Management Division 2025

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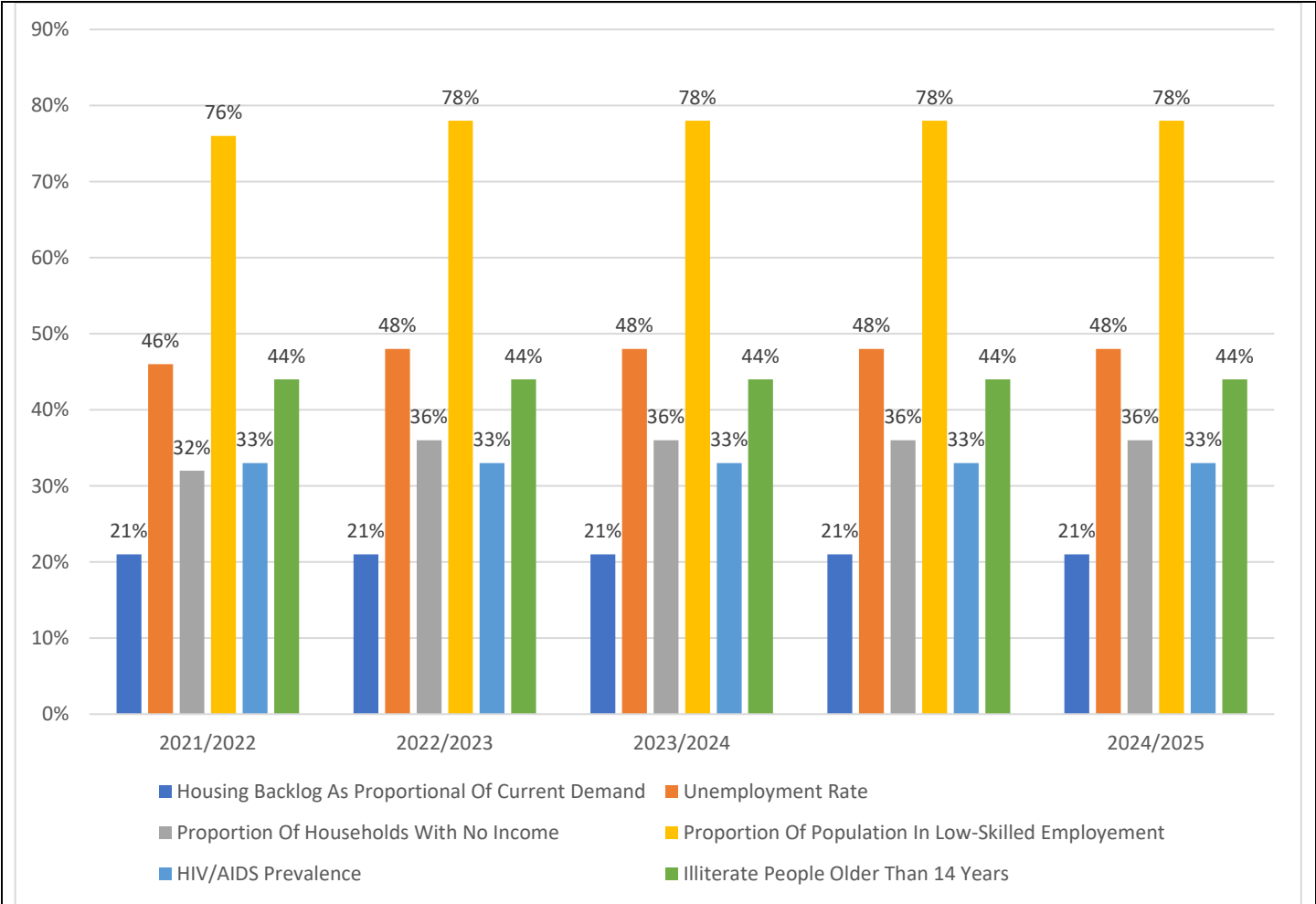
1.2.3 SOCIO-ECONOMIC STATUS

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
2021/2022	21%	46%	32%	76%	33%	44%
2022/2023	21%	48%	36%	78%	33%	40%
2023/2024	21%	48%	36%	78%	33%	40%
2024/2025	21%	48%	36%	78%	33%	40%

T 1.2.3

Source: Statistics South Africa Census 2022

1.2.4 SOCIO-ECONOMIC STATUS GRAPH



T 1.2.4

Source: Statistics South Africa Census 2022

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1.2.5 OVERVIEW OF NEIGHBOURHOODS WITHIN SETSOTO LOCAL MUNICIPALITY

Settlement Type	Number of Households
Meqheleng	9 666
Caledon Park	278
Ficksburg	1 450
Sub-Total	11 394
Senekal	756
Matwabeng	6 894
Sub-Total	7 650
Clocolan	1 201
Hlohlolwane	5 675
Sub-Total	6 876
Marquard	475
Moemaneng	4 746
Sub-Total	5 221
Grand-Total	31 141
	T 1.2.5

Source: Municipal Valuation Roll 2023-2026

The above figures exclude the farming areas.

1.2.6 NATURAL RESOURCES

Natural Resources	
Major Natural Resource	Relevance to Community
Meulspruit Dam	- Water sports and angling are enjoyed on the Meulspruit Dam, which is surrounded by a Nature Reserve. - The dam is the starting and finishing point for the 23-km Imperani Hiking Trail
Maluti Route R26	- The Maloti Route covers the distance between Rouxville and Fouriesburg in the Eastern Free State; a self-drive tarred road that hugs the Maluti Mountains - a series of sandstone cliffs that form the border between the Free and Lesotho - This 300 km stretch is one of the most scenic drives in the country
Caledon River	- The origin of the River Caledon is in QwaQwa, near the border with Lesotho, southwest of Phuthaditjhaba. It then flows past Ficksburg in the south-west direction bordering Lesotho's capital city, Maseru. - It forms the border between South Africa and Lesotho before entering South Africa's Free State province north of Wepener. - It then flows westward before joining the Orange River near Bethulie in southern Free State, just before flowing into the Gariep Dam. - Its total length is about 480 kilometres, and its valley experiences great temperature swings. - The land in the wedge between these two rivers forms the 22,000-ha Tussen-die-Riviere Nature Reserve
Sandstone	Mining
Diamond	Mining
Cherries	- Ficksburg is known in South Africa as the Cherry Town and the Cherry Capital of the world - The first cherry trees were planted in South Africa on the farm 'Platkop' in the Clocolan area. - The variants of the planted cherries included: - Giant Heidelfinger, - Elton, - Early Red, - Early River, and - Bing. - This specific cluster of cherries is still growing in the area today.

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	• Some of the original cherry trees that were planted in 1905 can still be found on the farm. It is estimated that there are over 500 hectares of cherry trees in the Eastern Free State mainly in the Ficksburg, Clocolan and Fouriesburg area. • There are approximately 250 cherry trees per hectare which average a yield of 10 tons per hectare. • The maraschino cherry, a sweet cherry, originated in Yugoslavia and northern Italy where traders added a liqueur to a cherry called the "Marasca" • The annual Cherry Festival is the longest running festival in South Africa and is held in November each year
Asparagus	• Lying in a rich agricultural area, Ficksburg is especially notable for the production of grain, livestock, cherries and asparagus. Ficksburg has fine gardens, parks and magnificent views of the Maluti Mountains
T 1.2.6	

1.2.7 COMMENT ON BACKGROUND DATA

The background data is mainly in terms of Community Survey 2016 and Census 2022 as provided by the Statistic South Africa, which is the reason as to why the information is only given in the sub-totals in the number of households. The information from Statistic South Africa is aggregated to a ward level not as per the way the template is designed. This challenge needs to be addressed when the template is being reviewed.

We also need to have mechanisms as to how we account for the information during and in between the censuses as it is not captured in the template. The above shows a 1.3% population growth in the municipality between 2011 and 2022 period. The average population growth of the Free State Province between 2011 and 2022 is 0.7%.

T 1.2.7

1.3 SERVICE DELIVERY OVERVIEW

The South African Constitution states that municipalities have the responsibility to make sure that all citizens are provided with services to satisfy their basic needs. The most important services that the municipality provides are as follow:

- Water supply
- Sewage collection and disposal
- Electricity supply
- Municipal roads and storm water drainage
- Solid Waste Disposal

The lives of the residents of that community are immediately and directly impacted by these services. In addition to limiting individuals' employment options, poor services might make it difficult to draw business or industry to an area. Municipalities being the level of government that is closest to the people, are chosen by the people to serve as their representatives and oversee that the community receives the essential services.

One way the municipality can accomplish this is by offering the service independently utilizing their own resources, including money, tools, and personnel. The delivery of a service may also be contracted out by the municipality. In other words, it may decide to employ a third party to perform the service, but the municipality will still be responsible for selecting the provider and ensuring that the service is effectively provided.

The government provides indigents, who are low-income people, with free basic municipal services. Currently, these services cover the provision of water and electricity. These services, which must adhere to basic standards for a poor household's access to electricity, water, and sanitation, are provided by municipalities.

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Only individuals in need are entitled to free basic services for their houses. The municipality must submit means tests for each application to see whether a family satisfies the criteria set forth by the municipality to be classified as being indigent. The type of subsidy is determined by the municipality on its own.

A municipality might be unable to provide people with some of the basic services. This could be a result of a lack of resources or of the ability to offer a high-quality service at a competitive price. Such municipalities should look for additional means to guarantee that services are enhanced and provided to those who need them the most.

A central challenge for municipality has been its viability and ability to build strong department capable of delivering on the principles of section 53 of the Constitution which states that:

...‘A municipality must structure and manage its administration and budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community and participate in national and provincial development programmes’.

If the municipality can achieve the above objectives consistently, within the financial and administrative capacity, it could be described as a functional, well-performing municipality”. The following are the focus areas of the municipality:

Universal access to water

All households within the municipality have access to water above the minimum service level.

Universal access to sanitation

All households within the municipality have access to sanitation above the minimum service level.

Universal access to electricity

All households within the municipality have access to electricity above minimum service level.

Eradication of informal settlement

The municipality is not a housing authority, in collaboration with the Free State Department of Human Settlement it is ensuring that houses are provided. The land is identified and acquired that is utilised for township establishment and assurance is done on the necessary studies and applications for township establishment.

The process of finalising the rolling-out Spatial Planning and Land Use Management Act, 16 of 2013, has been completed and the municipality is confident that the process will kick-start smoothly from the beginning of the next financial year and that it will impact positively in our endeavours to eradicate informal settlements.

The Constitutional objectives for local government are set in section 152 and are as follows:

- To provide democratic and accountable government of local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage the involvement of communities and community organisation in matters of Local Government

A central challenge for municipality has been its viability and ability to build strong department capable of delivering on the principles of section 53 of the Constitution which states that:

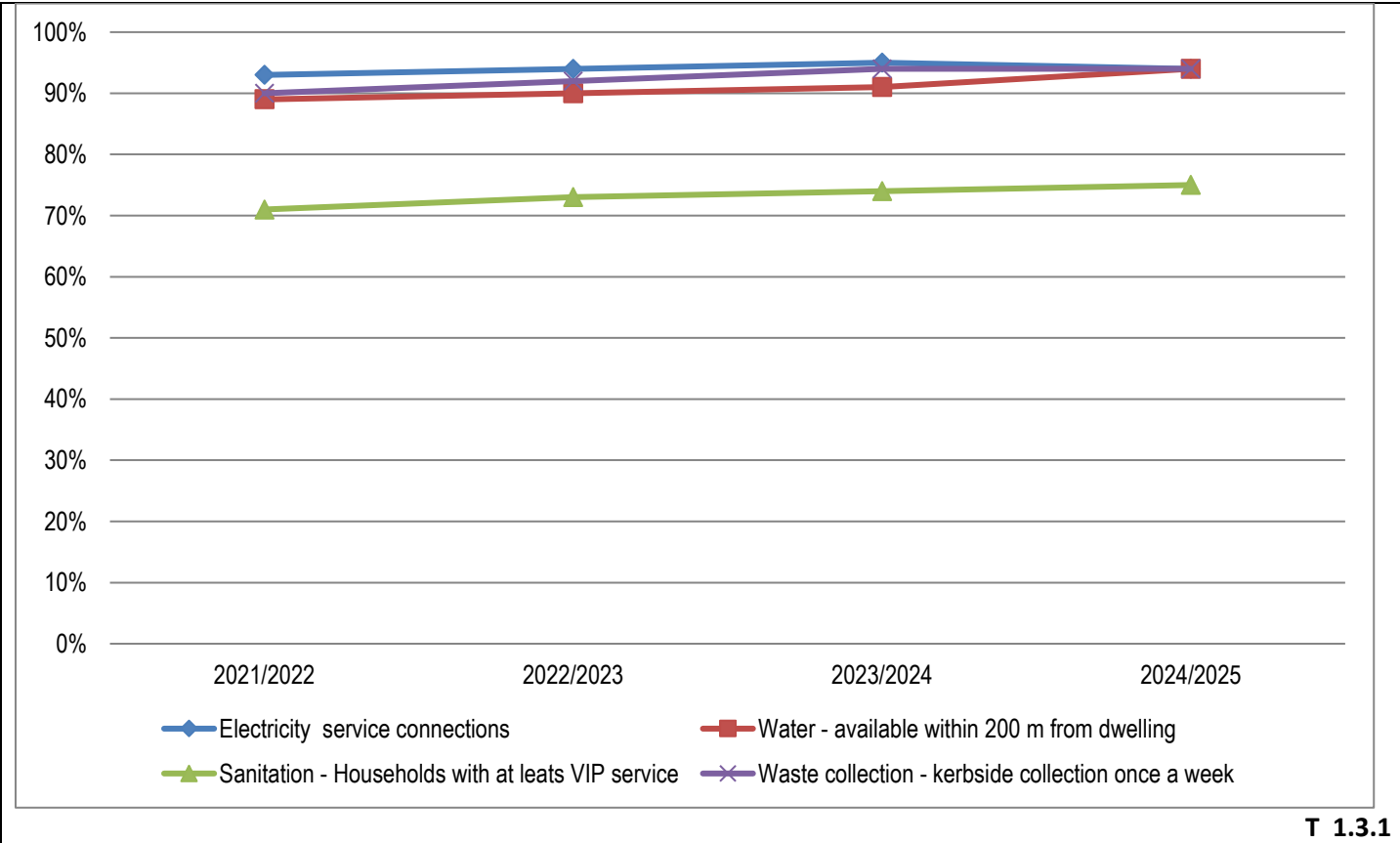
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‘If the municipality can achieve the above objectives consistently, within the financial and administrative capacity, it could be described as a functional, well-performing municipality’.

T 1.3.0

1.3.1 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



Source: Municipal Valuation Roll 2023-2028

1.3.2 COMMENT ON ACCESS TO BASIC SERVICES

The diagram illustrates significant disparities in access to basic services within the community. While access to refuse removal appears relatively high, there are severe shortfalls in and, most critically, improved sanitation facilities. The level of water provision is also a major concern.

This indicates a community facing a sanitation and public health crisis, with water access being a contributing factor. The overall picture is one of inadequate service delivery, particularly in services fundamental to health and dignity.

Based on the data presented in the diagram, the following key shortfalls in basic service delivery are identified:

1. Water Access

- Shortfall:** The diagram indicates that only **94%** of households have access to piped water on their property or within a 200m radius. This falls within the national standard or target of **90%**.

- **Implication:** This means some residents, approximately **6%**, rely on unsafe or distant water sources such as rivers, or boreholes. This shortfall increases the time burden (particularly on women and children) for water collection and elevates the risk of waterborne diseases like cholera and typhoid.

2. Sanitation Access

- **Shortfall:** Access to improved sanitation (e.g., flush toilets or ventilated pit latrines) is the most critical shortfall, with only **75%** of households having access.
- **Implication:** About **25%** of residents are forced to use unsafe alternatives such as pit latrines without ventilation, bucket systems, or even open defecation. This creates a dire public health hazard, contaminating the environment and groundwater, and is a primary cause of diarrheal diseases, especially in children.

3. Electricity Access

- **Shortfall:** While this appears to be the strongest service, an access rate of **94%** still means that **6%** of households are without a formal electricity connection.
- **Implication:** These households likely rely on dangerous and expensive alternatives like candles, paraffin, or open fires for lighting and cooking. This poses a significant fire risk and contributes to indoor air pollution, leading to respiratory illnesses.

4. Refuse Removal

- **Shortfall:** The diagram shows that only **95%** of households receive regular, formal refuse removal services at least once a week.
- **Implication:** Approximately **5%** of households must burn their waste, dump it illegally, or bury it. This leads to environmental degradation, vermin infestations, and the proliferation of disease vectors like flies and rats, further exacerbating the public health challenges created by poor sanitation.

Overall conclusion of shortfalls

The collective shortfalls, particularly in water, sanitation, and refuse removal, create a synergistic negative effect on the community's health, dignity, and economic potential. The data suggests a failure in municipal service delivery and infrastructure investment, requiring urgent and targeted intervention to meet constitutional mandates for basic human rights

T 1.3.2

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1.4 INTRODUCTION TO FINANCIAL HELATH OVERVIEW

The municipality ensured that spending is limited against the approved adjustment budget of the municipality, however there were situations that could not be avoided that lead municipality to exceed the budget.

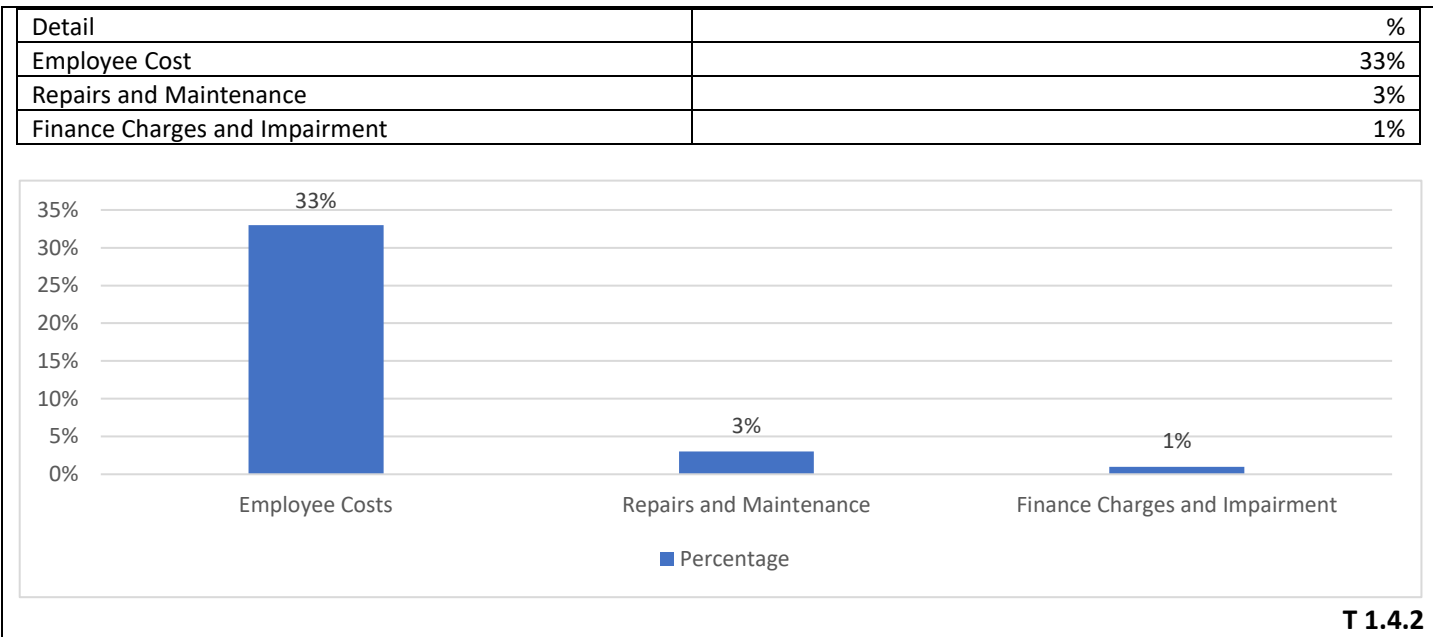
T 1.4.0

1.4.1 FINANCIAL OVERVIEW

R' 000			
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	489 305	489 305	479 688
Taxes, Levies and tariffs	390 243	398 243	393 457
Other	104 634	164 993	82 366
Sub Total	984 182	1 052 541	955 511
Less: Expenditure	925 732	1 034 024	835 847
Net Total*	58 450	18 517	119 664
* Note: surplus/(deficit)			

T 1.4.2

1.4.2 OPERATING RATIOS



1.4.3 COMMENT ON OPERATING RATIOS

During the reporting period, operating ratios reflect the company’s disciplined approach to cost management and resource allocation. Employee costs accounted for 33% of total operating expenses, underscoring our continued investment in human capital as a driver of productivity and long-term growth.

Expenditure on repairs and maintenance represented 3%, highlighting our commitment to sustaining operational efficiency and asset reliability. Meanwhile, finance charges and impairment stood at a modest 1%, demonstrating prudent financial management and a strong balance sheet position. Collectively, these ratios illustrate a stable cost structure aligned with strategic priorities and operational resilience.

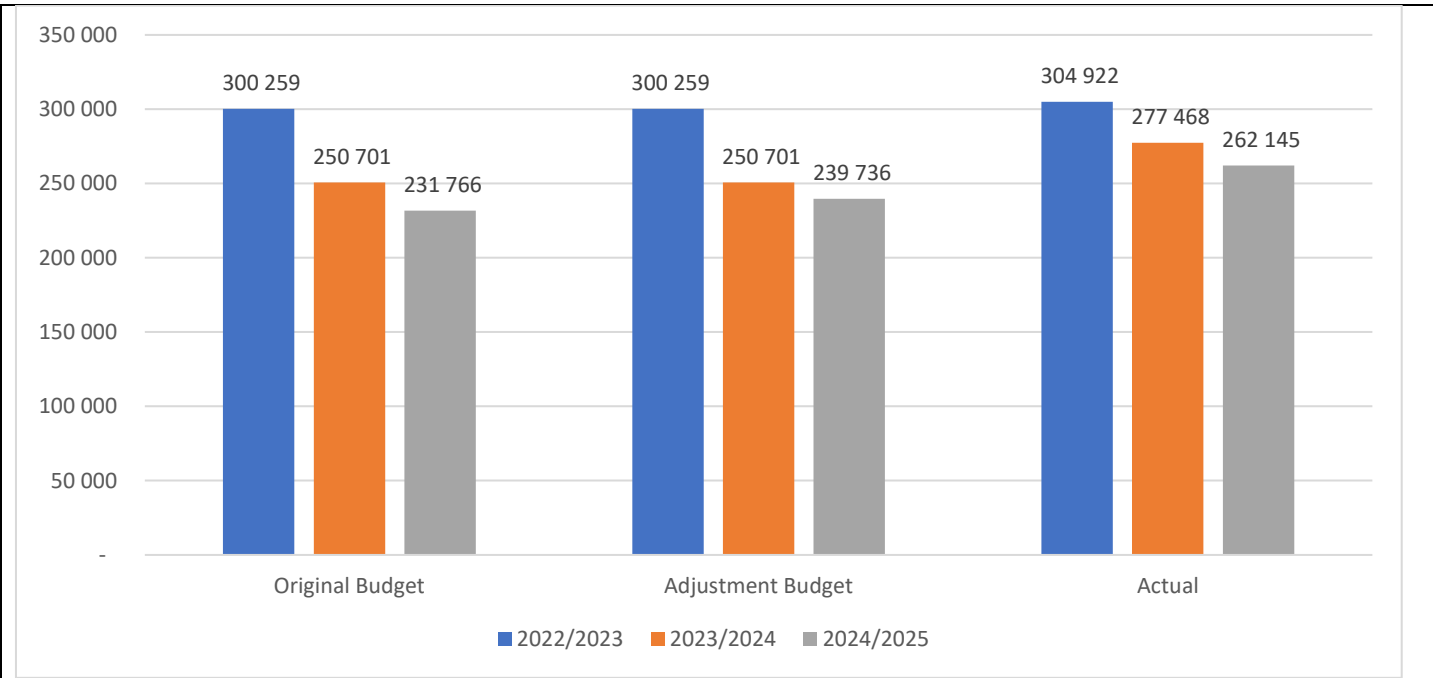
T 1.4.3

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1.4.4 TOTAL CAPITAL EXPENDITURE: 2022/2023 TO 2024/2025

R'000			
Detail	2022/2023	2023/2024	2024/2025
Original Budget	300 259	250 701	231 766
Adjustment Budget	300 259	250 701	239 746
Actual	304 922	277 468	262 145
T 1.4.4			

1.4.5 CAPITAL EXPENDITURE: 2022/2023 TO 2024/2025



T 1.4.5

1.4.6 COMMENT ON CAPITAL EXPENDITURE

Capital expenditure for the financial year totalled R 262 145 million, compared with the approved budget of R 231 766 million and the adjusted budget of R 239 746 million. This reflects spending at 110% of the adjusted capital expenditure budget. The actual expenditure comprises the following conditional grants:

- Municipal Infrastructure Grant
- Water Services Grant (5B and 6B)
- Regional Bulk Infrastructure Grant

T 1.4.5.1

1.5 ORGANISATIONAL DEVELOPMENT PERFORMANCE

Organisational performance in the municipality is measured in terms of economic performance-financial performance outcomes and operational performance-observable indices as per the service delivery and budget implementation plan and operational plans.

The municipality measures organizational performance so it can improve it. Regardless of the aim of measuring organizational performance or the definition of the adopted terms, councillors and officials are always looking at ways to build upon past performance. Considering the different levels of performance assessment as explained below, several interventions are recognized to be useful.

Organizational level performance

When assessing the organization's performance, a cohort of measures need to be adopted so that all components can be monitored and evaluated comprehensively. In fact, there is a conscious call to move towards a broader definition of organizational performance, one which recognizes and addresses sustainability of work processes and outcomes (Hubbard, 2009).

Another key variable in measuring organizational performance is integrating a formal assessment of strategic planning in its measurement (George, Walker and Monster, 2019). When organizations assess their strategic planning using internal and external assessments with a cascading system of goals, strategies, and plans, the effectiveness of meeting these goals is found to be improved.

Richard et al. (2009) have added that professional need to establish a strong rationale for understanding what is meant by performance and the choice of measures that will be employed to measure it. While defining what is meant by performance, managers should reflect on all stakeholders, the degree of heterogeneity in the environment, resources, and strategic choices, and the timeframe.

Individual level performance

At the individual level, task performance, contextual performance, adaptive performance, and counterproductive work behaviour are the main dimensions identified in an exhaustive search of medical, psychological and management studies (Koopmans et al., 2011).

- **Task performance**

Is broadly indicated by the successful completion of assigned tasks, the number and quality of work, skills and knowledge of the performer, and the managerial abilities of planning, organizing, problem-solving, monitoring, and decision-making.

- **Contextual performance**

Encompasses all such actions which extend beyond the prescribed task roles and can manifest in social, organizational or psychological realms. This performance is associated with indicators like initiative, extra tasks performed, resourcefulness, enthusiasm, motivation, creativity, commitment and interpersonal relationships.

- **Adaptive performance**

Denotes the responsiveness at work and is measured through innovation, adjustment to changing circumstances, flexibility and open-mindedness, and continuous learning.

- Counterproductive work

Behaviours are indicated by the absenteeism, theft, tardiness, disregard of instructions, safety regulations, substance abuse, and any other off-task behaviours that undermine performance.

Team level performance

For teams’ level organizational performance to completion of a task is an important measure (DeChurch and Mesmer-Magnus, 2010). Moreover, task proficiency is another indicator of good performance as team members who are proficient in their tasks are associated with higher performance levels.

T 1.5.0

1.6 AUDITOR GENERAL REPORT 2021/2022 TO 2024/2025

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution of South Africa, exists to strengthen the country’s democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This process is concluded by annually checking all government spending.

The audit outcomes of a municipality are based on the fair presentation and absence of significant misstatements in financial statements; performance information for predetermined objectives that was reliable and credible and all financial and non-financial information that complied with laws and regulations. The table below illustrates the audit outcomes over the years:

Year	2022/2023	2023/2024	2024/2025
Annual Financial Statements			
Outcome	Unqualified	Unqualified	Unqualified
Year	2022/2023	2023/2024	2024/2025
Predetermined Objectives			
Outcome	Disclaimer	Disclaimer	Qualified

T 1.6.0

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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	15 July 2025
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	01 July 2025
3	Finalise the 4th quarter Report for previous financial year	22 July 2025
4	Submit draft Annual Performance Report to Internal Audit	20 August 2025
5	Municipal entities submit draft annual reports to Municipal Manager	N/A
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	26 August 2025
8	Mayor tables the unaudited Annual Performance Report 2024/2025	29 August 2025
9	Municipality submits draft Annual Performance Report 2024/2025 including consolidated Annual Financial Statements to Auditor General	29 and 31 August 2025
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	25 September 2025
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September 2025 – November 2025
12	Municipalities receive and start to address the Auditor General's comments	September 2025 – November 2025
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	29 January 2026
14	Audited Annual Report is made public, and representation is invited	03 February 2026
15	Oversight Committee assesses Annual Report	01 February 2026-13 March 2026
16	Council adopts Oversight report	27 March 2026
17	Oversight report is made public	01 April 2026
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	15 September 2025-27 March 2026
		T 1.7.0

1.7.1 COMMENT ON THE STATUTORY ANNUAL REPORT PROCESS

The annual report is the cornerstone of a municipality's accountability and transparency. It is the definitive record of performance against the promises made in the Integrated Development Plan and Budget for the financial year. Achieving the stipulated deadlines is not merely an administrative exercise but a critical strategic function for good governance, credible reporting, and effective future planning.

1. Importance of Achieving Deadlines for Annual Report Preparation

Preparing the annual report nearer to the end of the financial year (as outlined in the schedule from July to August) is crucial for several reasons:

Accuracy and Reliability of Information: Memory fades, staff move on, and supporting documentation becomes harder to locate over time. Completing the Quarter 4 Report (Activity 3) and the draft annual performance report (Activity 4)

immediately after year-end ensures that data is fresh, accurate, and can be easily validated. This significantly enhances the credibility of the reported information.

Seamless Audit Process: Providing the Auditor-General with a complete and well-prepared draft report by the end of August (Activity 9) allows the maximum possible time for the rigorous audit process (Activities 11-12). A late or incomplete submission compresses the audit timeline, increasing the risk of errors being missed, qualifications in the audit opinion, and delays in the entire subsequent oversight process.

Maintaining Legislative Compliance: The Municipal Finance Management Act, 56 of 2003 stipulates strict deadlines for the tabling and submission of annual reports. Failure to meet these internal process deadlines (e.g., tabling the unaudited report by 29 August) almost guarantees a breach of these legislative timeframes, potentially exposing the municipality to reputational damage and legal challenges.

2. Providing the Next Budget Process with a Wide Range of Data

The annual report is the most critical input for evidence-based planning and budgeting. The schedule explicitly links the past year's performance to the next year's plans in two keyways:

Direct Input for IDP Analysis: Activity 10 mandates that the (unaudited) Annual Performance Report be used as input for the IDP Analysis Phase by 25 September. This ensures that the review of the current IDP and the development of the new one are grounded in actual performance data, not assumptions. It answers vital questions: What worked? What didn't? What should be stopped, changed, or scaled up?

Foundation for the New Budget/IDP Cycle: Activity 19 explicitly states that the commencement of the next draft Budget and IDP (starting 15 September) must use the Annual Report and Oversight Reports as input. This alignment ensures that the new budget is financially realistic and programmatically informed. It allows for:

Performance-informed resource allocation: More funds can be directed to programs that delivered results.

Corrective measures: Underperforming programs can be reviewed, restructured, or defunded.

Strategic continuity: The municipality can build on its successes and learn from its failures, creating a cycle of continuous improvement.

3. Importance of Alignment between IDP, Budget, and Performance Management and Development System

The directive in Activity 1 is the foundational step that enables everything else. It emphasizes finalizing the process plan for the next Budget/IDP cycle, including in-year reporting formats.

- The IDP sets the strategic direction and developmental goals.
- The Budget provides the financial resources to achieve those goals.
- The Performance Management and Development System (PMDS) monitors and reports on whether the goals were achieved with the allocated resources.

Alignment is critical because: Without it, the three systems operate in silos. The budget may fund projects not in the IDP, the PMDS may measure irrelevant indicators, and the annual report becomes a disjointed set of data instead of a coherent story of performance.

The in-year reporting formats (Activity 1) ensure that quarterly monitoring is done in a way that feeds directly into the annual report, creating a seamless flow of information from day-to-day operations all the way to the annual audit and oversight. This integrated approach is the essence of performance-based budgeting and accountability.

4. Explanation of Failures to Achieve Timescales

Failure to adhere to this meticulously planned schedule has severe cascading consequences:

Compromised Audit Outcomes: Late submission to the AG (Activity 9) is a primary cause of negative audit outcomes (e.g., qualified or adverse opinions, disclaimers). The AG has less time to perform procedures, leading to more audit findings and a higher likelihood of material misstatements being undetected or unadjusted.

Breach of Legislative Timeframes: Internal delays automatically lead to missing the MFMA deadlines for tabling the report to council (Activity 13) and making it public (Activity 14). This undermines good governance and public trust.

Erosion of Oversight Function: A delayed report severely truncates the period available for the oversight committee to perform its vital role (Activity 15), rendering its assessment superficial and less effective. This diminishes the role of council and public participation.

Weakened Subsequent Planning: Most critically, delays mean the crucial performance data from the annual report is not available to inform the next IDP and Budget cycle (Activities 10 and 19). This forces the municipality to plan and allocate resources in an information vacuum, basing future decisions on historical data or estimates rather than recent, actual results. This perpetuates a cycle of poor performance and inefficient resource allocation.

In conclusion, the presented schedule is a well-structured roadmap for ensuring accountability, transparency, and continuous improvement. Adherence to it is non-negotiable for achieving a clean audit, fulfilling legislative mandates, and most importantly, for building a data-driven municipality that effectively serves its citizens.

On a quarterly basis, progress on the implementation of the Service Delivery and Budget Implementation Plan was compiled and reported to council by the Executive Mayor in terms of section 52(d) Reports as informed by the Municipal Finance Management Act, 56 of 2003.

These reports were first reviewed by the Integrated Development Plan and Performance Management and Development Systems Division, whereafter they were quality assured by the Internal Audit Unit. After quality assurance processes, they were then submitted to Audit and Performance Audit Committee for oversight processes and recommendations to council.

Council deliberated on the quarterly progress reports on the implementation of Service Delivery and Budget Implementation Plan and resolved on what actions need to be undertaken to address underperformance where it was identified, and the Executive Mayor needed to report back on the actions taken on a regular basis to council.

At the end of the fourth quarter, management compiled a draft annual performance report which was tabled to council before submitted to AGSA on the 31 August 2024. The draft annual report was then audited by the Auditor General of South Africa, during this period the Auditor General of South Africa issued request for information and communication of audit findings to management to assist with the audit process.

Upon finalisation of the regulatory audit, the Auditor General of South Africa issued the Audit Report and Management Letter to Management. The Audit Report, Annual Performance Report, the Audit and Performance Audit Committee comments on the Annual Report, and the audited Annual Financial Statement were then consolidated into the Annual Report to be tabled to council on the 29 January 2025.

The Annual Report as required by legislation, was then submitted to Auditor General of South Africa to read the Annual Report and identify if there are any inconsistencies in the Annual Report compared to the audited Annual Performance Report and Annual Financial Statement, and if there are any, these will be communicated to the municipality and the

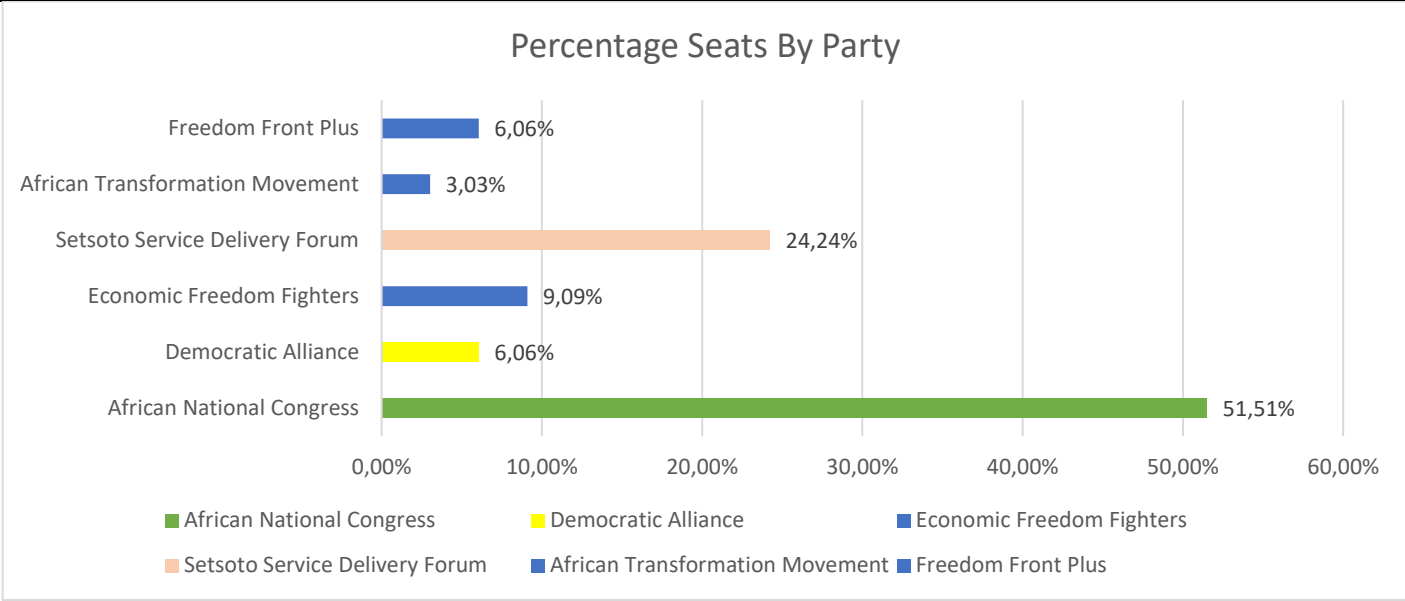
municipality requested to make the necessary corrections. Should the corrections not be made the Auditor General of South Africa will amend and reissue the Audit Report. T 1.7.1

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2. INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Council In our municipality, governance is exercised through a distinct yet interdependent relationship between the political and administrative structures, as mandated by the Constitution and relevant legislation. Section 151(3) of the Constitution grants the Municipal Council the right to govern the local affairs of its community on its own initiative. This political authority is exercised by the elected Council, which provides strategic direction and oversight. The administrative arm, led by the Municipal Manager, is responsible for implementing the Council's decisions, managing the day-to-day operations of the municipality, and ensuring service delivery through a professional and non-partisan public service. This separation of powers is fundamental to ensuring accountable, transparent, and effective local governance Governance refers to the overarching framework of rules, systems, processes, and relationships through which an organization is directed, controlled, and held to account. Effective governance ensures that an entity operates transparently, efficiently, and in alignment with its core objectives and legal obligations. In the context of a municipality, this means serving the best interests of the local community in a sustainable and accountable manner The four components of governance explored in this chapter—Political, Administrative, Financial, and Operational—are deeply interconnected. They form an integrated system where each element supports and reinforces the others. Strong political direction (Political Governance) must be effectively implemented by a professional administration (Administrative Governance), which is underpinned by sound financial management and controls (Financial Governance) to ultimately deliver quality services and infrastructure (Operational Governance). Weakness in any one component can compromise the entire system of municipal governance Council has an Executive Mayoral System with a Ward Participatory System inclusive of Section 79 and 80 Committees. The council of the municipality consist of thirty-three councillors made of the following political parties percentage seats by party as per the information from Independent Electoral Commission from the 2021 Local Government Elections Results.



Source: Electoral Commission-Local Government Election Result 2021

The Speaker

The Speaker is the Chairperson of council meetings in accordance with the approved rules of order. This is a full-time appointment linked to an office term.

Chief Whips

The council does not have an appointed party chief whip, but each party has its own party chief whip who monitors the councillors from respective political parties to ensure that they carry out their duties responsibly. In addition, the chief whips deal with the well-being and monitors the attendance of their respective councillors at meetings.

Section 79 Committees

Section 79 Committees have been established following the relevant terms of reference determined by Council. They are chaired by non-executive councillors and provide general oversight and monitoring of the municipal service delivery mandate.

Municipal Public Accounts Committee

The Municipal Public Accounts Committee is made up of councillors from various political parties in council and is constituted as follows:

Name	Gender	Political Party	Position
Khatlake Ntema Peter	Male	African National Congress	Chairperson
Thamae Lesole David	Male	African National Congress	Member
Vries Isak	Male	Setsoto Service Delivery Forum	Member
Coetzee Jose	Male	Democratic Alliance	Member
Vermeulen Phillipus Johannes Martinus	Male	Setsoto Service Delivery Forum	Member
Ponya Mmasa Alfred	Male	African National Congress	Member

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Meeting Scheduled as per Year Plan	Meeting Held
03 July 2024	09 July 2024
Not planned	25 July 2024
01 August 2024	Cancelled
03 September 2024	03 September 2024
02 October 2024	02 October 2024
Not planned	22 October 2024
06 November 2024	06 November 2024
03 December 2024	03 December 2024
05 February 2025	05 February 2025
13 February 2025	13 February 2025
17 February 2025	17 February 2025
18 February 2025	18 February 2025
19 February 2025	19 February 2025
Not planned	20 February 2025
Not planned	05 March 2025
11 March 2025	11 March 2025
Not planned	19 March 2025
09 April 2025	09 April 2025
Not planned	16 April 2025
Not planned	24 April 2025
13 May 2025	05 May 2025
Not planned	06 May 2025
Not planned	07 May 2025
Not planned	08 May 2025
Not planned	09 May 2025
Not planned	02 June 2025
Not Planned	03 June 2025
Not Planned	04 June 2025
05 June 2025	05 June 2025
Not planned	06 June 2025
Not planned	09 June 2025
Not planned	23 June 2025

None of the councillors on the Municipal Public Accounts Committee serves on any other committees of council.

Audit and Performance Audit Committee

The Audit and Performance Audit Committee has been established since 2004 in terms of Section 14(2)(a) of the Local Government: Municipal Planning and Performance Regulations of 2001 and membership changed over time. The current Audit and Performance Audit Committee was appointed on the 13 October 2022 for a period of five years until 12 October 2027. Below are the previous and current members of the Audit and Performance Audit Committee:

Previous Audit and Performance Audit Committee members term end 16 July 2022 extended to 11 October 2022		New Audit and Performance Audit Committee Members	
Initials and Surname	Designation	Initials and Surname	Designation
Mr H B Mathibela	Chairperson	Mrs S J Masite	Chairperson
Mr T Zororo	Ordinary Member	Mr L S Mofokeng	Ordinary Member
Mr L S Mofokeng	Ordinary Member	Ms F M N Kobo	Ordinary Member
Ms F M N Kobo	Ordinary Member	Mrs M Ramutsheli	Ordinary Member
Mrs S J Masite	Ordinary Member	Ms T Monare	Ordinary Member
* Ms T Monare resigned on 30 May 2025			

The Audit and Performance Audit Committee is meeting on a quarterly basis during each financial year as follows:

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Meeting Scheduled as per Year Plan	Meeting Held
19-Jul-24	22-Jul-24
26-Aug-24	26-Aug-24
Not planned	28 August 2024 -Special
Not planned	23 September 2024 -Special
16-Oct-24	21-Oct-24
Not planned	23 October 2024 -Special
20-Nov-24	29-Nov-24
21-Jan-25	21-Jan-25
20-Feb-25	Not materialised
23-Apr-25	23-Apr-25
21-May-25	21-May-25

T 2.0.1

2.1 POLITICAL GOVERNANCE

Political governance in our municipality is vested in the elected Council, which provides strategic leadership and guidance to the administration. The Executive Mayor, as the executive head, provides overarching political guidance over the fiscal and financial affairs of the municipality, as required by Section 52(a) of the Municipal Finance Management Act, 56 of 2003.

The key political structures at the top of our system include the Mayoral Committee, which deliberates on policy and strategy, and the full Council, which is the ultimate decision-making authority. Furthermore, our municipality has established a robust system of oversight committees to ensure accountability.

Yes, our municipality has an independent Audit and Performance Audit Committee comprised of external experts. This committee provides opinions and recommendations on our financial processes, controls, and performance. It also provides written comments on the Annual Report to the Municipal Public Accounts Committee.

Our municipality has established a Municipal Public Accounts Committee, which is constituted entirely of non-executive councillors. Its specific purpose is to provide Council with comments and recommendations on the Annual Report, the oversight report of the Auditor-General, and the reports of the Audit and Performance Audit Committee.

It is confirmed that the report of the Municipal Public Accounts Committee will be published separately as an annexure to the Annual Report, in full compliance with MFMA circulars and guidance.



Councillor Seipati Mbiwe
Executive Mayor



Councillor Pakalitha Mavaleliso
Council Speaker

Members of the Mayoral Committee



Councillor Komane Kolane
Chairperson: Community Services



Councillor Motsamai Selasi
Chairprson: Finance Services



Councillor Morongoe Mofokeng
Chairperson: Corporate Services

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Councillor Thabang Makae
Chairperson: Urban Planning and Human Settlement



Councillor Thabo Mthimkhulu
Chairperson: Technical and Infrastructure Services

T 2.1

Councillors				
Surname	Name	Gender	Political Party	Ward/Proportional Representation
Mbiwe	Seipati Justina	Female	African National Congress	Proportional Representation
Mokheseng	Seipati Miriam	Female	Economic Freedom Front	Proportional Representation
Oberholzer	Ilanie Elizabeth	Female	Setsoto Service Delivery Forum	Proportional Representation
Ancell	Tommy	Male	African Transformation Movement	Proportional Representation
Janssonius	Johannes Marius	Male	Setsoto Service Delivery Forum	Proportional Representation
Mofokeng	Morongoe Dina	Female	African National Congress	Proportional Representation
Odendaal	Michiel Frederick	Male	Freedom Front Plus	Proportional Representation
Vermeulen	Phillipus Johannes Martinus	Male	Setsoto Service Delivery Forum	Proportional Representation
Vries	Isak	Male	Setsoto Service Delivery Forum	Proportional Representation
Dell	Henrietta	Female	Democratic Alliance	Proportional Representation
Heymans	Maria Cornelia	Female	Freedom Front Plus	Proportional Representation
Vacant	Vacant	Vacant	Setsoto Service Delivery Forum	Vacant
Manako	Tebello Samuel	Male	Economic Freedom Fighters	Proportional Representation
Koqo	Palesa Elizabeth	Female	African National Congress	Proportional Representation
Fuso	Sabata Selby	Male	Setsoto Service Delivery Forum	Proportional Representation
Motsoane	Tshwanelo Phandreano	Male	African National Congress	Ward 1
Langa	Timothy Lebeko	Male	African National Congress	Ward 2
Maleke	Mojalefa Joel	Male	Setsoto Service Delivery Forum	Ward 3
Ponya	Mmasa Alfred	Male	African National Congress	Ward 4
Moipatli	Chere Daniel	Male	African National Congress	Ward 5
Selasi	Motsamai William	Male	African National Congress	Ward 6
Khatlake	Ntema Peter	Male	African National Congress	Ward 7
Mokoakoe	Lebohang Gilbert	Male	Economic Freedom Fighters	Ward 8
Mthimkhulu	Thabo Isaac	Male	African National Congress	Ward 9
Constable	Stephen Manko	Male	African National Congress	Ward 10
Koalane	Komane Elias	Male	African National Congress	Ward 11
Letube	Morake Edward	Male	African National Congress	Ward 12
Motloenya	Lefu Elliot	Male	African National Congress	Ward 13
Makae	Thabang Elias	Male	African National Congress	Ward 14
Makhalanyane	Tieho George	Male	Setsoto Service Delivery Forum	Ward 15
Thamae	Lesole David	Male	African National Congress	Ward 16
Mavaleliso	Pakalitha Isaac	Male	African National Congress	Ward 17

Setsoto Service Delivery withdrew Councillor L Mohanoe as their representative. The matter is still at court and currently there is a vacancy in the municipal council pending the finalisation of the court proceedings.

T 2.1.2

2.2 POLITICAL DECISION-MAKING

1. How Political Decisions Are Taken Political decisions, particularly at a local government level in South Africa, typically follow a structured process designed to ensure transparency, public participation, and adherence to the law. The process can be simplified into the following key stages: Identification of Issue: A problem or need is identified by the community, a councillor, a municipal official, or a political party. This could be anything from a pothole needing repair to a need for a new policy on water tariffs. Agenda Setting: The issue is formalized into a proposal or a report and placed on the agenda for a relevant committee meeting. Municipalities have various committees (e.g., Finance, Infrastructure, Public Safety) where issues are first debated in detail by councillors and officials. Committee Deliberation: In the committee meeting, the proposal is discussed. Technical officials provide expert advice, costs are considered, and public participation inputs (if gathered) are reviewed. The committee debates the merits and drawbacks and makes a recommendation to the full Municipal Council. Council Meeting and Resolution: The item, along with the committee's recommendation, is tabled at a full sitting of the Municipal Council. All councillors debate the matter. A vote is taken. If the vote passes, the decision becomes a formal Council Resolution. This is the official "decision taken." Implementation: The resolution is then handed over to the municipal administration (the municipal manager and various department heads) to be implemented. This involves allocating budgets, assigning staff, procuring services, and physically executing the task. Oversight and Monitoring: The Council, through its committees, is meant to oversee the administration's progress in implementing resolutions. This is often done through regular progress reports. 2. Percentage of Resolutions Implemented In 2024/2025 a total of 181 items were dealt with and disposed of by the Mayoral Committee through either resolving on the matter or making recommendations to council for consideration. A total number of 144 items were resolved on by council for implementation by the respective departments. Hundred percent of the resolutions are in various stages of implementation either partial implementation or full implementation. No resolution has been left unimplemented. T 2.2

2.3 ADMINISTRATIVE GOVERNANCE

The administrative arm of a municipality is the engine room through which the policies and visions of the political leadership are translated into tangible services for communities. Effective administrative governance is therefore not merely a statutory requirement but a fundamental prerequisite for sustainable development and public trust. This structure is anchored by the Municipal Manager and cascades through a coordinated corporate team of Departmental Directors. 1. The Role of the Municipal Manager as Accounting Officer As mandated by Section 60(b) of the Municipal Finance Management Act, 56 of 2003, the Municipal Manager serves as the Accounting Officer of the municipality. This role confers significant legal and executive responsibilities, moving beyond mere administration to active stewardship of public resources.

The Municipal Manager's core responsibilities include:

Providing Strategic Guidance: The Municipal Manager is the primary advisor to the Executive Mayor, Council, and other political structures on the implementation of the Municipal Finance Management Act, 56 of 2003, and all operational matters. This involves ensuring that all decisions taken by Council are lawful, financially sustainable, and implementable.

Ensuring Compliance: The Municipal Manager must establish and maintain systems of internal control and financial management that ensure compliance with the Municipal Finance Management Act, 56 of 2003 and other key legislation (e.g., the Municipal Systems Act, 32 of 2000). This includes delegating authority appropriately while maintaining ultimate accountability.

Safeguarding Assets: As Accounting Officer, the Municipal Manager is personally responsible for the effective, efficient, economical, and transparent use of municipal resources. This includes preventing irregular, fruitless, and wasteful expenditure.

Leading the Administration: The Municipal Manager is the head of the municipal administration and is responsible for its day-to-day functioning. This encompasses managing all senior managers (Directors) and ensuring a culture of performance, ethics, and service delivery.

2. The Corporate Team: Departmental Directors

The Municipal Manager does not operate in isolation. The administration is typically structured into thematic clusters or service groups, each led by the Departmental Directors. These officials are the operational linchpins of the municipality.

They often oversee broad thematic clusters such as:

Director Corporate Services: Responsible for Human Resources, Human Resources Development, Legal Services and Contract Management, Payroll Administration, and Administration and Executive Support. This cluster ensures the municipality has the right skills, technology, and systems to function.

Chief Financial Officer: Responsible for budgeting, revenue collection, supply chain management, expenditure management and financial reporting. This cluster is critical for the municipality's fiscal health and compliance with the Municipal Finance Management Act, 56 of 2003.

Director Planning and Economic Development-Vacant: Focuses on long-term spatial planning, land use management, local economic development, and urban regeneration.

Director Technical Services: Roads, water, sanitation, electricity, and project management.

Director Community Services: Responsible for waste management, parks, sports facilities, cemeteries, municipal facilities, security services, fire and disaster management and traffic management. The Cluster is basic service delivery orientated.

3. Corporate Collaboration for Maximum Service Delivery Impact

The greatest impact on service delivery is achieved not through siloed operations but through integrated, corporate teamwork. The Municipal Manager, Directors, and Middle Management work together corporately in the following ways:

Integrated Development Plan and Budget Alignment: The process begins with the IDP, which outlines the municipality's development priorities. The Municipal Manager, with input from all Directors and Middle Management, ensures that the annual budget is fully aligned to fund these priorities. The Director Corporate Services ensures staffing plans support the Integrated Development Plan, the Chief Financial Officer secures funding, and the Directors Technical and Community Services, respectively, execute the projects.

Extended Management Meetings: The Municipal Manager chairs regular meetings with all Directors and Middle Management. This forum is where:

- Cross-cutting challenges are solved (e.g., a road project (Infrastructure) delayed by a procurement issue (Finance) is escalated and resolved).
- Performance is monitored against pre-determined Key Performance Indicators linked to service delivery targets.
- Strategic decisions are made corporately, ensuring unity of purpose and message.

Shared Resources and Expertise: The structure allows for the pooling of expertise. For instance, the Legal unit (under Corporate Services) provides support to all service delivery departments, and the Finance department provides financial management training to project managers in the Infrastructure unit.

Crisis Management and Co-ordination: During a crisis (e.g., a major water pipe burst or a disaster), the Municipal Manager activates the corporate team. The Directors Technical and Community Services, respectively, leads the technical response, the Chief Financial Officer allocates emergency funds, and the Office of the Municipal Manager handles public communication. The Municipal Manager oversees the entire coordinated effort.

This corporate system ensures that the administration functions as a single, cohesive entity focused on a common goal: the improved and sustainable delivery of services to the community.

4. Major Structural Changes or Reviews

During the 2024/2025 financial year, the administration undertook the following key structural initiatives to enhance efficiency and service delivery:

Structural Review Commenced: A comprehensive organizational design review was initiated to streamline service delivery and improve accountability. The review focuses on flattening the structure, reducing duplication of functions, and creating clearer lines of reporting. It was overseen by the Director Corporate Services and was finalized in Quarter 2 of the year under review.

Major Structural Change Implemented:

Creation of the sixth department in the form of Development and Town Planning.

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2.4 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

 Mrs. Nomvula Malatjie Municipal Manager		Head of administration and accounting officer responsible for: • Office of the Speaker; • Office of the Executive Mayor; • Office of the Municipal Public Accounts Committee; • Department of Engineering Services; • Department of Corporate Services; • Department of Finance Services • Department of Community Services; and • Department of Development and Town Planning.	
Name and Position	Function	Name and Position	Function
 Mr. Lefa Moletsane Chief Financial Officer	Head of finance department responsible for: • Expenditure Management; • Revenue Management; • Supply Chain Management; • Assets Management; and • Budget and Reporting.	 Mr. Luvuyo Cita Acting Director Technical Services	Head of public works and infrastructure responsible for: • Electricity Services; • Roads And Stormwater Provision; • Wastewater Management; • Water Provision and Maintenance; • Property Management; • Urban Planning and Human Settlement; and • Project Management
Name and Position	Function	Name and Position	Function
 Ms. Basadi Mosima Director Community Services	Head of community services responsible for: • Parks and Cemetery Management; • Local Economic and Tourism Development; • Agricultural Development; • Sport, Arts And Culture; • Security Service and Property Maintenance; • Disaster Management; • Traffic Management; and • Waste Management	 Ms. Sophia Mihailescu Acting Director Corporate Services	Head of personnel management responsible for: • Human Resource Management; • Human Resources Development; • Payroll Management; • Employee Wellness; • Occupational Health; • Labour Relations; and • Legal and Contract Management

T 2.4

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Co-operative governance, as enshrined in Section 41 of the Constitution of the Republic of South Africa, is the foundational principle that guides the interactions between the three spheres of government: national, provincial, and local. This system requires all spheres to exercise their powers and perform their functions in a manner that does not encroach on the functions of others, to co-operate with one another in mutual trust and good faith, and to coordinate their actions and legislation. For our municipality, this means we do not operate in isolation. We are an integral part of a larger governmental system working towards the common goal of improving the lives of our citizens. Effective service delivery is achieved through this collaborative framework: National Government contributes by setting overarching policy and legislative frameworks, providing conditional and unconditional grants (e.g., MIG, ESKOM), and offering technical support for large-scale infrastructure projects. Provincial Government plays a crucial role in monitoring and supporting local government, facilitating the implementation of national policies, and providing sector-specific expertise and funding (e.g., for health, education, and human settlements within our area). Other Municipalities (District and Local) are key partners in resolving cross-boundary issues, sharing resources and bulk infrastructure, and developing regional economic development strategies that benefit the entire district. Municipal Entities are established as extensions of the municipality to deliver specific services (like water, electricity, or waste management) with greater operational efficiency and commercial focus, while remaining accountable to the council. This integrated approach ensures that service delivery is coordinated, resources are leveraged effectively, and the developmental mandate of local government is fulfilled. T 2.5.0

2.5.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

Our municipality actively participates in national forums to ensure our local challenges and perspectives are represented in national policy development. Key forums of participation include the South African Local Government Association (SALGA) National Members Assembly and its working committees, as well as targeted engagements with National Departments such as Cooperative Governance and Traditional Affairs, Water and Sanitation, and Mineral Resources and Energy. The benefits derived from these forums are significant: Policy Influence: We gain a platform to lobby for the interests of our community and provide input on draft legislation affecting local government. Knowledge Sharing: We access best practices, innovative solutions, and technical guidance from national experts and other municipalities. Resource Mobilization: We stay informed about available grants and funding opportunities and can advocate for our municipality's needs directly to national officials T 2.5.1

2.5.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

To progress issues of mutual interest, our municipality regularly attends the following provincial structures: SALGA Provincial Chamber: For collective bargaining and representing unified municipal interests to the provincial government. Provincial Intergovernmental Relations Forum: To address strategic cross-cutting issues with provincial departments. District Intergovernmental Forums: To coordinate with the district municipality and other local municipalities on service delivery and planning. Bilateral Meetings: With specific provincial departments (e.g., Education, Health, Transport) to address service delivery bottlenecks like clinic upgrades, school infrastructure, and road maintenance. In the past year, these activities provided immense value. For example, through the District Intergovernmental Relations Forum, we successfully negotiated a joint funding agreement with the provincial Department of Community Safety, Police and Transport for the tarring of the R26 and R70 regional access roads, projects crucial for economic development. Furthermore, regular engagement with the Provincial Treasury enabled us to secure additional support for our financial recovery plan, improving our fiscal sustainability	T 2.5.2

2.5.3 RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality have not established a municipal entity.	T 2.5.3

2.5.4 DISTRICT INTERGOVERNMENTAL STRUCTURES

Relationships within our Thabo Mofutsanyana District Municipality are conducted through formal mechanisms as outlined in the Intergovernmental Relations Framework Act. The primary structure is the District Intergovernmental Forum, which brings together the district municipality, all local municipalities, and relevant provincial and national sector departments operating in the district. Our municipality benefits from these arrangements in several keyways: For a Local Municipality: We benefit from the district's mandate for bulk infrastructure (e.g., water purification and bulk distribution, regional landfill sites). This allows us to focus our resources on local distribution and reticulation. The district also provides capacity support in areas like planning and disaster management. For the District Municipality: We provide critical local-level data and implementation capacity, ensuring that district-wide programs are grounded in local realities. Our participation in the DIGF ensures that district-led projects are aligned with our IDP and directly address the needs of our community. Joint Projects: These structures facilitate joint planning and funding for regional projects, such as integrated public transport networks or shared economic zones, which no single municipality could develop alone.	T 2.5.4

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COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Our municipality is committed to fostering a culture of transparency, accountability, and active citizen participation, in line with the Municipal Systems Act, 32 OF 2000.

Fulfilling Our Responsibilities:

Accountability (MSA s17(2)): We have implemented a robust Performance Management and Development System (PMDS) that links individual staff performance agreements to departmental and organizational KPIs. Regular audit committees, public report-backs, and a protected whistleblowing facility ensure ethical conduct and financial accountability at all levels.

Participatory Governance (MSA s16(1)): We complement representative democracy through a system of participatory governance. This includes:

- Integrated Development Plan/Budget Public Participation Meetings held in each ward.
- Ward Committee systems that facilitate community input.
- Public hearings on by-laws and significant projects.
- Active use of digital platforms (municipal website, social media, SMS alerts) for information dissemination and feedback.

Information Supply (MSA s18(a)-(d)): We proactively supply information through:

- Annual Reports and publicly tabled performance reports.
- A dedicated communications unit that issues media statements, newsletters, and community notices.
- Making key documents (IDP, Budget, SDBIP, By-laws) readily available at libraries, the municipal website, and customer care offices.

Improvements and Benefits in the Year:

We conducted targeted stakeholder workshops for the SMME sector on our procurement processes. The benefits have been tangible: improved service response times, increased public trust, and more inclusive policy-making that better reflects the community's needs. This has resulted in a higher level of community ownership over municipal projects and initiatives

T 2.6.0

2.6.1 COMMUNICATION, PARTICIPATION AND FORUMS

The municipality uses formal and informal communication mechanisms, public participation and for a that the municipality has established in terms of legislative prescripts. The communication flow is arranged in a manner that all council decisions are to be communicated by the Executive Mayor and all administrative decisions by the Municipal Manager as the municipality have not appointed as municipal spokesperson yet.

For public participation, the Speaker is informed so that he can convey the intention to the councillors who in turn will inform the ward committees so that the message can reach all wards within the municipality. Organised structures invite community members and stakeholders through the chairperson of the committee and report is then submitted.

In other instances, committees of council would invite members of the public to make presentation in their meeting and reports of the committees are then discussed in the Mayoral Committee meeting with recommendations to council

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for a resolution and those matters which the Mayoral Committee has delegated powers are disposed off and submitted to council for notification.

T 2.6.1

2.6.2 WARD COMMITTEES

The ward participatory system of municipal government allows for the establishment of ward committees to facilitate public participation in the matters of local government. Ward committees can also improve communication between the municipal council and local communities and play a role in identifying community needs and fine-tuning municipal programmes to accommodate local circumstances. All seventeen ward committees in the municipality were established in April 2022.

T 2.6.2

2.7 COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The public meetings have been effective in that the municipality was able to:

- Engage with communities and stakeholders to identify the needs of the communities and include them in the Integrated Development Plan 2024/2025
- Attend to community challenges as soon as they are identified
- Give feedback to communities on the progress made on the implementation of projects and programmes the municipality is implementing
- Communities were able to hold the political and administrative arm of the municipality accountable
- Refusing the municipality services to areas where they are most needed
- Improving collaboration amongst the municipality, stakeholders, communities and sector department

T 2.7.0

2.7.1 INTEGRATED DEVELOPMENT PLANNING PARTICIPATION AND ALIGNMENT

Integrated Development Planning Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the Integrated Development Plan have priorities, objectives, Key Performance Indicators, and development strategies?	Yes
Does the Integrated Development Plan have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the Key Performance Indicators in the strategic plan?	Yes
Do the Integrated Development Plan Key Performance Indicators align to the Section 57 Managers	Yes
Do the Integrated Development Plan Key Performance Indicators lead to functional area Key Performance Indicators as per the Service Delivery and Budget Implementation Plan?	Yes
Do the Integrated Development Plan Key Performance Indicators align with the provincial Key Performance Indicators on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarters aligned reports submitted within stipulated time frames?	Yes
T 2.7.1	

COMPONENT D: CORPORATE GOVERNANCE

2.8. OVERVIEW OF CORPORATE GOVERNANCE

The scope of corporate governance encompasses all the systems, principles, and processes by which a municipality is directed and controlled. It defines the distribution of rights and responsibilities among different participants in the corporation—such as the councillors, administrators, and stakeholders—and lays down the rules and procedures for making decisions on corporate affairs.

Key Areas Within Its Scope:

The scope is broad but can be broken down into a few core areas:

1. Stakeholder Relations:

Community: Protecting community rights, ensuring fair treatment, and facilitating their ability to exercise their votes.

Councillors: Establishing the council structures, roles, and responsibilities (oversight, strategy, risk management).

Management: Defining the authority and accountability of senior managers and ensuring they act in the municipality's best interests.

Other Stakeholders: Considering the interests of employees, customers, creditors, suppliers, and the relevant organs of state.

2. Transparency and Disclosure:

Ensuring timely, accurate, and transparent disclosure of all material matters regarding the corporation, including its financial situation, performance, ownership, and governance.

3. Accountability and Oversight:

- Holding the Council and Management accountable for their actions and decisions.
- Implementing systems for internal control and risk management.
- Establishing reliable audit functions (internal and external) to verify financial integrity.

4. Ethical and Legal Compliance:

- Creating a framework of ethical behaviour and corporate culture.
- Ensuring the company complies with all applicable laws, regulations, and codes of best practice.

5. Strategic Guidance:

While Management runs the municipality day-to-day, the Council provides strategic guidance and approves major plans and actions.

The Ultimate Goal:

The overarching goal of this entire scope is to create long-term, sustainable value for the Municipality and its citizenry while fulfilling its legal and ethical obligations to all other stakeholders. It's about building trust and confidence in the Municipality.

In short, corporate governance is the "rulebook" that ensures a Municipality is run responsibly, ethically, and effectively for the benefit of everyone with a stake in its success.

T 2.8.0

2.8.1 RISK MANAGEMENT

The Municipal Finance Management Act, 56 of 2003, Section 62(1)(c)(i) requires the Municipal Manager to ensure that the municipality has and implements a risk management policy. The primary need for this is fiduciary duty and good governance. It ensures that:

Public funds and assets are protected: Proactive identification of risks (like fraud, waste, or poor project management) safeguards the municipality's financial resources.

Service delivery is uninterrupted: By understanding what could go wrong (e.g., equipment failure, supply chain issues), the municipality can create plans to ensure residents continue to receive essential services like water, electricity, and waste removal.

Informed decision-making: Council makes better strategic and financial decisions when it understands the potential risks and opportunities facing the municipality.

Accountability and compliance: It creates a systematic framework for managing uncertainty, which promotes transparency and accountability to residents and oversight bodies.

In short, risk management is not optional; it is a legal requirement that is fundamental to a municipality's financial health, sustainability, and ability to fulfill its constitutional mandate.

The Service Department's Role in Risk Management

Service departments (e.g., Electricity, Water, Roads, Parks) are the first line of defense in risk management. Their role is operational and includes:

Risk Identification: They are best positioned to identify the specific day-to-day risks within their area of operation (e.g., risk of water pump failure, risk of sewer line blockages, risk of electrocution from faulty streetlights).

Risk Assessment: They assess the likelihood and potential impact of these identified risks on service delivery.

Implementation of Controls: They are responsible for implementing and maintaining the internal controls and procedures to manage risks (e.g., performing regular maintenance, following safety protocols, managing their budgets).

Reporting: They must report identified risks, incidents, and the effectiveness of controls to the central risk management unit or office.

Essentially, they own the risks related to their service delivery functions and are responsible for managing them at ground level.

3. Top Five Risks to a Municipality

While risks can vary by municipality, the following five are almost universally considered top risks for municipalities in South Africa:

Financial Sustainability Risk: The risk of insufficient revenue (due to low payment rates, a shrinking tax base, or poor budgeting) and ineffective financial management, leading to an inability to fund operations, service delivery, and maintenance. Service Delivery Failure: The risk of being unable to provide basic services (water, sanitation, electricity, roads) to an acceptable standard, leading to public dissatisfaction, protests, and reputational damage. Governance and Fraud Risk: The risk of corruption, fraud, lack of accountability, and poor ethical leadership, which erodes public trust and leads to the misappropriation of critical resources. Infrastructure Failure Risk: The risk of critical infrastructure (water pipes, electrical substations, wastewater treatment plants) collapsing due to age, lack of maintenance, or overloading, resulting in catastrophic service interruptions. Compliance and Regulatory Risk: The risk of failing to comply with key legislation (like the MFMA, MSA, and other sector-specific regulations), leading to legal challenges, unfunded mandates, and penalties from oversight departments.	T 2.8.1

2.8.2 FRAUD AND ANTICORRUPTION STRATEGY

The Setsoto Local Municipality maintains a zero-tolerance stance towards corruption, fraud, and theft. Our commitment to clean governance, transparency, and accountability is embedded in a multi-layered strategic framework designed to prevent, detect, and respond to any form of financial misconduct. This framework is underpinned by a strong ethical culture led from the top. 1. Governance and Oversight Structures The cornerstone of our integrity system is a robust governance structure that ensures independent oversight and clear accountability. Council, Executive and Administrative Leadership: The Municipal Council, led by the Executive Mayor, and the Administration, led by the Municipal Manager, provide unequivocal strategic direction condemning corrupt practices. This leadership is formalized through publicly adopted codes of conduct for councillors and officials, and a commitment to act decisively on any evidence of wrongdoing. Audit and Performance Audit Committee: A key independent oversight body is our Audit and Performance Audit Committee. In line with best practice for good governance: • It is composed of independent external experts (e.g., chartered accountants, auditors, and governance specialists). • It explicitly excludes politicians and municipal officials as voting members to ensure its objectivity and independence. • The Committee reviews the effectiveness of our internal control systems, risk management, and compliance processes. It provides direct, unfiltered reports to the Council. The Audit and Performance Audit Committee's recommendations for the 2024/2025 are set out in detail at Appendix G of this report. 2. Key Preventive Strategies and Internal Controls Our first line of defense is a system of strong internal controls designed to prevent misconduct from occurring.

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Segregation of Duties: Critical financial and operational processes are divided among different staff members. For example, the person who requisitions goods cannot be the person who approves the purchase, processes the payment, or records the transaction. This prevents any single individual from having complete control over a process from start to finish.

Authorization and Delegation of Authority: Clear financial delegations are documented. Spending and contractual powers are strictly limited based on seniority and role, requiring appropriate authorizations for all transactions above a defined threshold.

Transaction Processing Controls:

Procurement: Adherence to a competitive Supply Chain Management Policy is mandatory. This includes transparent tender processes, evaluation by committees, and mandatory disclosure of conflicts of interest.

Payroll: Regular reconciliation and validation of payroll data to prevent "ghost employees" or unauthorized payments.

Revenue Collection: Strict controls over the collection, recording, and banking of all municipal revenue (e.g., rates, services) to minimize the risk of theft or misappropriation.

System Access Controls: IT security measures restrict access to financial systems based on user roles, ensuring staff can only access the functions necessary for their job. All system activities are logged for audit trails.

3. Monitoring, Detection, and Response

Proactive monitoring and a clear response protocol form our second and third lines of defense.

Internal Audit: The Internal Audit unit conducts regular, risk-based audits of processes and departments. They do not merely review paperwork but test the actual adherence to controls and policies, providing assurance on their effectiveness and identifying weaknesses for management to address.

Whistleblowing Mechanisms: A protected, anonymous whistleblowing hotline and channel is available for both officials and the public to report suspected fraud or corruption without fear of retaliation. All reports are investigated confidentially.

Involvement of Law Enforcement: As a matter of policy, as soon as credible grounds for suspicion become evident, the matter is escalated to the South African Police Service and/or other relevant statutory bodies (like the Special Investigating Unit) for criminal investigation. Our internal processes are designed to secure evidence without compromising a potential criminal case.

Disciplinary Procedures: Any employee found to have engaged in misconduct through a fair disciplinary process faces stringent consequences, up to and including dismissal, in line with the Municipal Finance Management Act, 56 of 2003) and labour regulations.

Key Risk Areas

Despite these controls, we remain vigilant in the following high-risk areas:

- **Procurement and Contract Management:** (e.g., tender rigging, unfair evaluation, kickbacks).
- **Supply Chain and Asset Management:** (e.g., theft of inventory, fuel, or equipment).
- **Revenue Collection and Cash Handling:** (e.g., theft of cash payments, unauthorized write-offs).
- **Human Resources and Payroll:** (e.g., ghost employees, fraudulent overtime claims)
- **Grant and Project Management:** (e.g., misrepresentation of project progress to secure funds).

- **Sensitive Information Disclaimer:** In line with the principle of confidentiality and to protect the integrity of ongoing investigations and the rights of all individuals, this municipality does not publicly provide the names of people involved in any disciplinary or criminal investigations. Information is disclosed only to the relevant authorities as required by law.

T 2.8.2

2.9 OVERVIEW OF SUPPLY CHAIN MANAGEMENT

This narrative provides an overview of the organization's Supply Chain Management Framework, highlighting key policies, process improvements, and persistent challenges in fully complying with Section 112 of the Municipal Finance Management Act, 56 of 2003.

It specifically addresses issues related to long-term contracts as per Appendix H of Municipal Finance Management Act, 56 of 2003, Circular 40 and outlines the remedial action plan currently being implemented. The narrative is further contextualized by the financial performance indicators discussed in Chapter 5, Component D.

1. Existing Supply Chain Management Policies and Processes

Our Supply Chain Management operations are governed by a comprehensive Supply Chain Management Policy, aligned with the Municipal Finance Management Act, 56 of 2003, its associated regulations, and National Treasury Circulars. The core principles underpinning our policy are:

Fairness, Equity, Transparency, and Competitiveness: All processes are designed to ensure open competition and equal opportunity for suppliers.

Value for Money: Award decisions are based on a system that is not solely focused on price but includes functionality, BBBEE status, and local economic development.

Efficiency and Cost-Effectiveness: Processes are continuously reviewed to reduce unnecessary delays and administrative costs.

Risk Management: Identifying and mitigating risks throughout the supply chain, from demand planning to contract closure.

Key processes include:

- **Demand Management:** Annual planning integrated with the IDP and Budget.
- **Supplier Sourcing:** Utilizing a Central Supplier Database for registration and verification.
- **Acquisition Management:** Advertisements, competitive bidding (RFQs, RFPs, tenders), evaluation by committees, and award recommendations.
- **Contract Management:** Administration of awarded contracts to ensure service delivery and performance.
- **Asset and Disposal Management:** Processes for managing and disposing of municipal assets.

2. Improvements for Effective Service Delivery

Significant improvements have been implemented to enhance service delivery outcomes:

- **Implementation of an E-Procurement Portal:** This has dramatically improved transparency, accessibility for suppliers, and the speed of submitting and evaluating bids.
- **Enhanced Committee Training:** Regular, specialized training for Bid Specification, Evaluation, and Adjudication Committee members on regulations, evaluation techniques, and conflict of interest, leading to more robust and defensible decisions.

- **Integrated Planning:** Strengthening the link between the Integrated Development Plan, Budget, and Procurement Plan to ensure Supply Chain Management delivers on council-approved strategic objectives.
- **Performance-Based Contracts:** Increasingly embedding clear Key Performance Indicators and service level agreements into contracts, linking contractor payments directly to performance outputs.

3. Challenges in Attaining Municipal Finance Management Act, 56 of 2003, Section 112 Standards (Supply Chain Management Implementation Checklist)

Despite these improvements, several challenges persist in fully meeting the standards set out in the MFMA Circular 40 checklist:

- **Checklist Item 1.1 (Supply Chain Management Policy):** Challenges in ensuring all minor amendments to regulations are immediately reflected in the policy and that all officials are consistently trained on the updates.
- **Checklist Item 3.2 (Demand Management):** Inaccurate forecasting and planning often lead to emergency procurement, which contravenes standard competitive processes and poses a significant risk.
- **Checklist Item 5.1 (Contract Management):** This remains a critical area of weakness. There is often a lack of dedicated and skilled contract managers, leading to poor oversight, failure to enforce KPIs/SLAs, and missed opportunities for cost savings during contract execution.
- **Checklist Item 5.3 (Variation Orders):** Inadequate initial scoping and poor contract management frequently result in numerous variation orders, increasing project costs beyond the original budget and undermining the integrity of the initial award.

4. Challenges with Long-Term Contracts (Appendix H)

As referenced in Appendix H of Municipal Finance Management Act, 56 of 2003, Circular 40, long-term contracts present specific challenges:

Price Volatility: Multi-year contracts for goods like fuel or construction materials are highly susceptible to market price fluctuations, creating significant budgetary pressure.

Scope Inflexibility: Long-term contracts can struggle to adapt to changing service delivery needs or new technologies over time.

Supplier Performance Deterioration: Without active and skilled contract management, supplier performance can decline over the contract term, with limited immediate recourse for the institution.

Exit Strategy Challenges: Failing to plan for the end of a long-term contract can create a service delivery vacuum if a new tender process is not initiated timeously.

5. Remedial Action to Address Shortfalls

A concerted remedial action plan is being implemented to address these shortfalls:

Enhanced Demand Planning: Implementing a rigorous, multi-departmental planning process ahead of the budget cycle to create a more accurate and reliable procurement plan.

Dedicated Contract Management Unit: Establishing a formalized unit with trained contract managers responsible for the entire lifecycle of high-value and long-term contracts. This includes:

- Proactive performance monitoring against KPIs.
- Managing variations and mitigating scope creep.

- Planning for contract expiry and re-tendering at least 12 months in advance.

Advanced Training: Rolling out mandatory advanced training for officials involved in specification drafting, evaluation, and contract management, focusing on risk mitigation and value engineering.

Strengthening Financial Controls: Tighter oversight of variation orders, requiring senior management and Chief Financial Officer’s approval for any variations exceeding a set percentage of the original contract value.

Contract Clauses for Long-Term Agreements: For new long-term contracts, incorporating price adjustment formulae (e.g., linked to CPI or specific commodity indices) and break clauses to manage volatility and performance issues, as guided by Appendix H.

6. Link to Financial Performance (Chapter 5, Component D)

The challenges identified above have a direct and negative impact on financial performance, as noted in Chapter 5, Component D. Key linkages include:

Unauthorized Expenditure: Emergency procurements and costly variation orders arising from poor planning and contract management often lead to unauthorized expenditure, we are glad to announce that the municipality has not incurred any unauthorised expenditure for the year under review.

Inefficient Cash Flow Management: Inaccurate procurement planning disrupts cash flow projections, causing either underspending on critical projects or unplanned overspending.

Poor Value for Money: Weak contract management results in paying for services not rendered to the required standard, directly reducing the return on investment for public funds.

Material Under-Collection of Revenue: While less direct, inefficiencies in Supply Chain Management (e.g., delays in procuring meter-reading equipment or billing system upgrades) can hinder the revenue collection process, exacerbating the financial pressures discussed in Component D.

While a robust Supply Chain Management Policy Framework is in place, the effectiveness of service delivery is hampered by operational challenges in demand planning and, most critically, in contract management. The remedial actions focused on professionalizing contract management and integrating planning processes are essential to achieving full compliance with Section 112 of the Municipal Finance Management Act, 56 of 2003, safeguarding the institution's finances, and ultimately ensuring effective and efficient service delivery to our communities.

T 2.9.0

2.10 BY-LAWS INTRODUCED DURING 2024/2025

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Standard Draft By-laws for Township Economies	New	Yes	25 – 26 February 2025 and 4th	Yes	7 November 2024 (Gg No. 51529)

T 2.10.0

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2.10.1 COMMENT ON BY-LAWS

The municipality has aligned its regulatory environment with national reforms aimed at enabling township economic growth. Following the gazetting of the Standard Draft By-Law for Township Economies in November 2024 by the Minister of Cooperative Governance and Traditional Affairs, the municipality has actively disseminated the by-law and published its local version to guide permit issuing and compliance for township enterprises. This new regulatory framework supports inclusive business participation, simplifies registration and permitting processes, and promotes designated economic zones in townships.

T 2.10.1

2.11 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 2023/2024	Yes
The Annual Report 2024/2025 to be published	Yes
All current Performance Agreements 2024/2025 required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes
All service delivery agreements 2024/2025	Yes
All long-term borrowing contracts 2024/2025	N/A
All supply chain management contracts above a prescribed value (give value) for 2024/2025	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2024/2025	N/A
Contracts agreed in 2024/2025 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A
Public-private partnership agreements referred to in section 120 made in 2024/2025	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2024/2025	Yes
T 2.11.0	

2.11.1 COMMENT MUNICIPAL WEBSITE AND CONTENT ACCESS

The Setsoto website serves as an integral part of a Setsoto Local Municipality's communication infrastructure and strategy. It allows easy access to relevant information, serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. The role of Setsoto Local Municipality's website, as platform for information dissemination, participation and disclosure has been significantly catered for in various pieces of legislation, including:

- The Local Government Municipal Systems Act No 32 of 2000;
- The Local Government Municipal Financial Management Act No 56 of 2003; and
- The Municipal Property Rates Act, no 6 of 2004.

T 2.11.1

2.12 PUBLIC SATISFACTION LEVELS

No public satisfaction survey was conducted during the year under review. The municipality is engaging with the South African Local Government Association to liaise with the University of the Free State to consult with the possibility of signing a Memorandum of Understanding that will include amongst others, the assistance to conduct public satisfaction survey using the latest technological initiatives.

T 2.12.0

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CHAPTER: SERVICE DELIVERY PERFORMANCE

Municipalities are established in terms of the Constitution of the Republic of South Africa. The purpose and objectives of Municipalities are:

- a) to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities on a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organisations in the matters of local government.

A municipality must strive, within its financial and administrative capacity, to achieve the objectives set out above. Chapter 8 of the Municipal Systems Act (Act 32 of 2000) stipulates per section 73 as follows:

A municipality must give effect to the provisions of the Constitution and –

- a) give priority to the basic needs of the local community;
- b) promote the development of the local community; and
- c) ensure that all members of the local community have access to at least the minimum level of basic municipal services.

The municipality translated the above-mentioned statutory objectives and customized it to the following municipal key performance areas, focus areas and predetermined objectives:

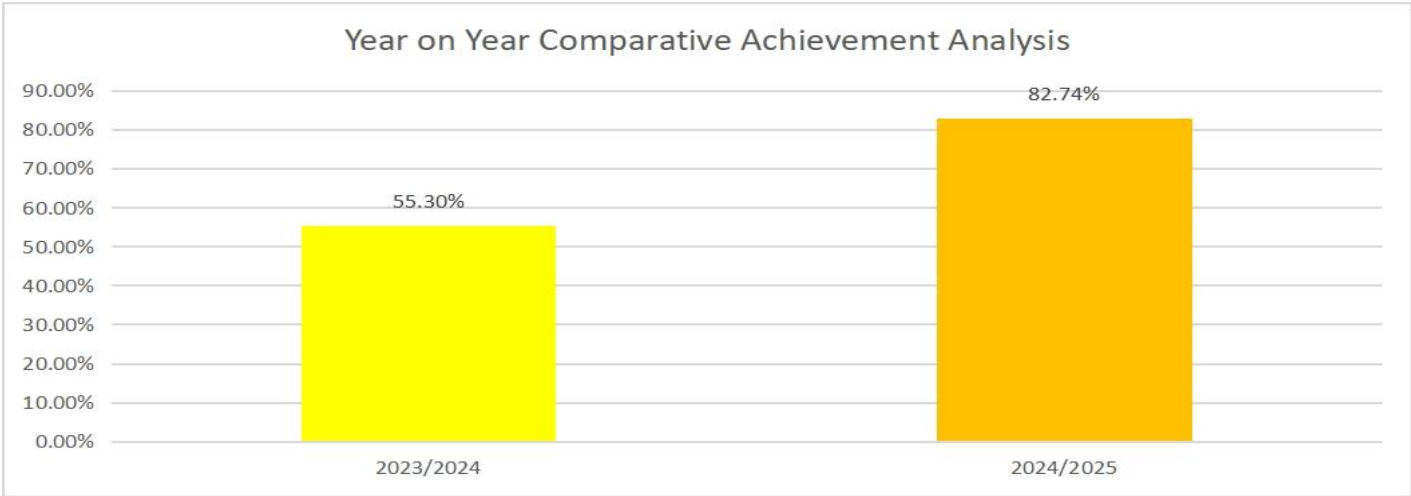
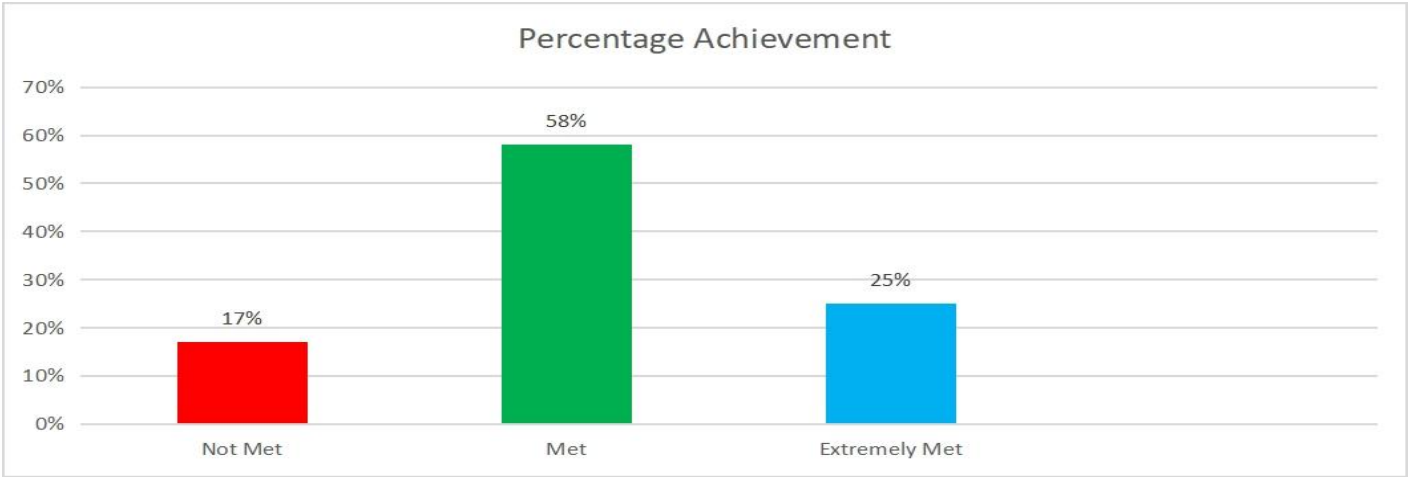
Key Performance Area	Focus Area	Predetermined Objective
Basic Services	• Water • Electricity • Sanitation • Waste Management • Roads and Stormwater • Spatial Planning • Human Settlement • Property Management • Built Environment	Supporting the delivery of municipal services to the right quality and standard
Local Economic Development	• Business Licenses and Permits • Business Development and Training Support	Creating a conducive environment for economic development
Institutional Capacity	• Human Resources Management • Human Resources Development • Labour Relations • Payroll Administration • Occupational Health and Wellness	Building institutional resilience and administrative capability
Financial Management	• Revenue Management and Valuation Roll • Expenditure Management • Budget • Supply Chain Management • Asset Management • Fleet Management	Ensuring sound financial management and accounting
Good Governance, Transparency and Accountability	• Internal Audit • Risk Management • Communication Services • Information Technologies	Promoting good governance, transparency, and accountability

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	• Performance Management and Development Systems • Financial Reporting	
Public Participation	• Stakeholder Engagements • Youth Development • Sport Arts, Recreation and Culture • Special Programmes • Ward Committees • Petitions • Integrated Development Planning • Budgeting	Putting people and their concerns first
T 3.1		

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

On 30 June 2025, 82.74% of organisational performance targets-Top Layer of Service Delivery Targets set in Service Delivery Budget Implementation Plan for 2024/2025, have been met and 25% exceeded the annual target. An average percentage achievement of 67.42% against the annual key performance targets set has been recorded, reflecting an improvement when compared with the 2023/2024 financial year were 55.30%.



Areas for improvement are reflected in the relevant column directly in the Organisational Performance and Development System Scorecard for 2024/2025 -Top Layer of Service Delivery Targets set in the Service

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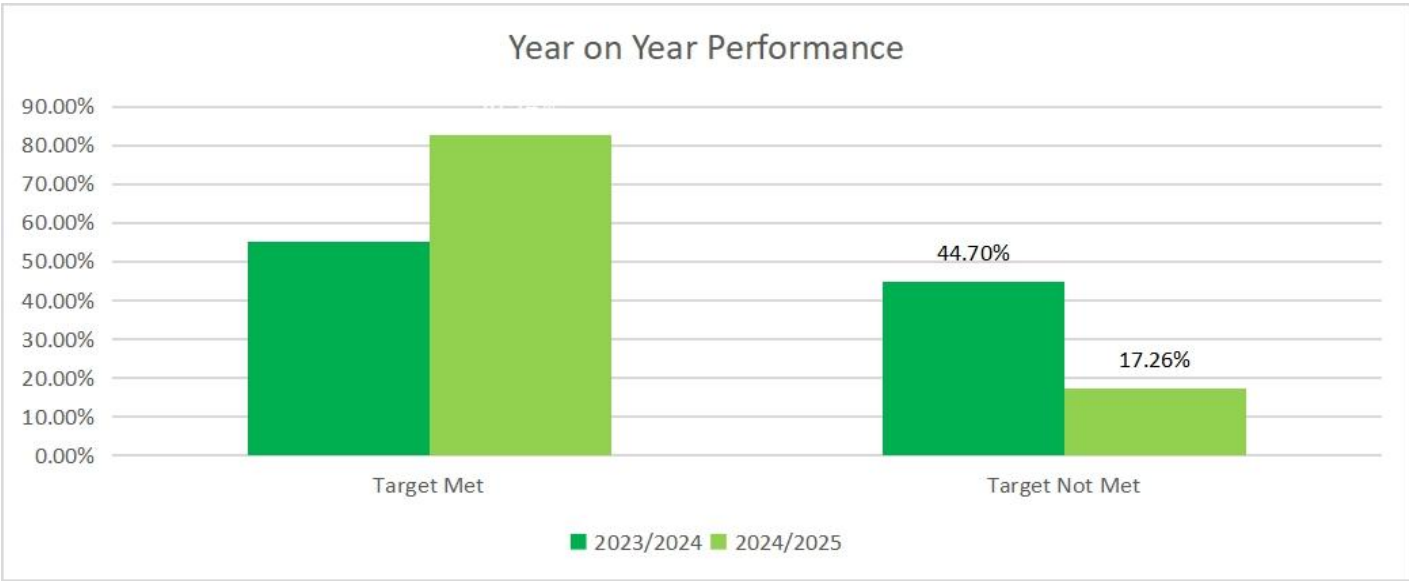
Delivery Budget Implementation Plan. Accountable managers have provided commentary to put performance into context and identified actions that they are taking to address instances where under performance is reported.

The traffic light system used to report performance is as follow:

- Red-Key Performance Indicators which were not met for the period under review, $0\% \leq \text{Actual/Target} = 75\%$
- Orange-Key Performance Indicators that were almost met, $76\% \leq \text{Actual/Target} = 99\%$
- Green-Key Performance Indicators where targets are achieved, $\text{Actual/Target} = 100\%$
- Gold-Key Performance Indicators that are well met-over achieved, $101\% \leq \text{Actual/Target} = 150\%$
- Sky Blue-Key Performance Indicators that are extremely met-over achievement, $151\% \leq \text{Actual/Target}$

In relation to the 2024/2025 year-end performance results, the results are analysed as follows:

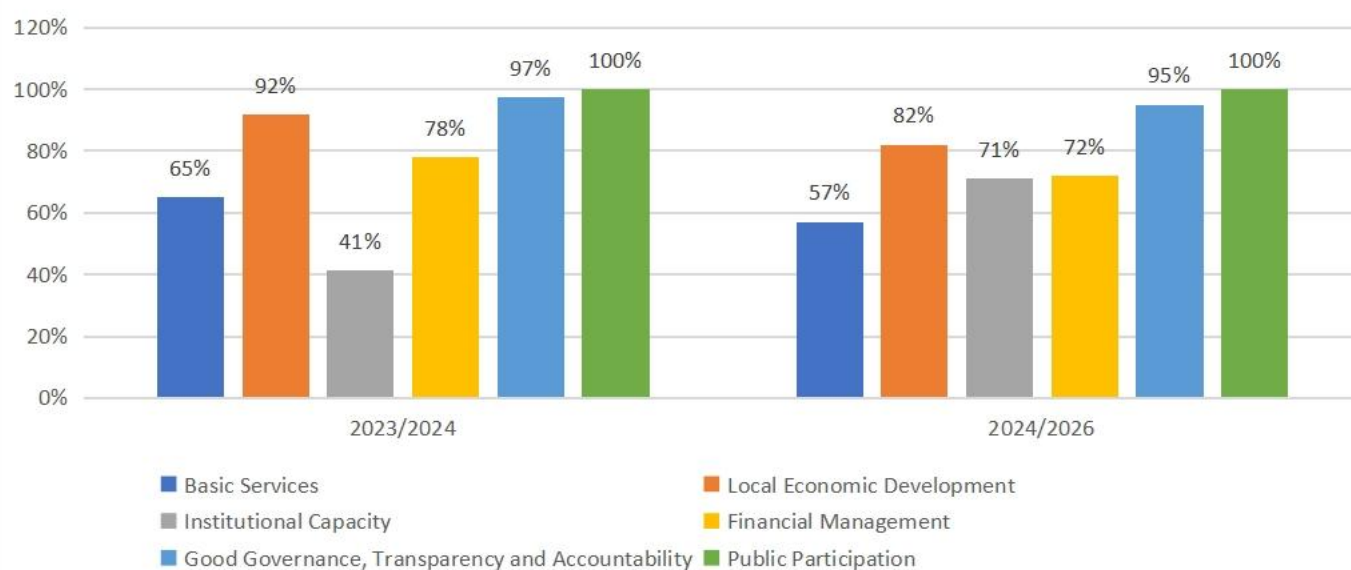
- 82.74% of targets have been achieved within 100% or exceed against the 2024/2025 annual targets set, reflecting an increase when compared to the 2023/2024 financial year were 55.30% of targets were achieved within 100% or exceeded
- 17% of 2024/2025 annual targets were within the 75%, reflecting an improvement on performance when compared to the 2023/2024 financial year were 44.70% of targets which were within 75%.



Analysis of the Key Performance Areas on year-on-year performance:

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Key Performance Area Performance: Year-On-Year



Analysis of the Key Performance Indicators on year-on-year performance:

Indicator	Annual Target	2023/2024	2024/2025	Variance
		Achievement	Achievement	
Land use categories applied for, e.g. rezoning, consolidation or sub-division	100%	100%	25%	-75%
Percentage of households with access to basic sanitation	71%	78%	75%	-3%
Percentage of household with access to basic water supply	100%	92%	94%	2%
Number of awareness campaigns on water conservation and demand management conducted annually	4	4	2	-2
Percentage of household with access to basic electricity supply	96%	96%	94%	-2%
Number of public awareness campaigns on energy savings and efficiency conducted annually	4	4	3	-1
Number of kilometre of gravel roads converted to paving/surfaced roads annually	3.5km	3.3km	0	-3.3km
Number of White and Yellow vehicles Serviced.	40	98	26	-72
Number of Municipal Planning Tribunal Seatings held	4	3	3	0
Number of New Townships developed and proclaimed	1	2	5	3
Number of ablution facilities renovated in all four towns of the municipality	2	16	1	-15
Number of community halls renovated within the four towns of the municipality	3	9	1	-8

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Percentage of households with access to basic solid waste removal at least once a week	95%	91%	95%	-4%
Number of parks managed annually	7	7	7	0
Number of roadblocks and projects conducted	26	41	46	5
Percentage of compliance with the required attendance time for structural and veld fighting incidents	100%	75%	100%	25%
Number of fire engines procured.	0	0	0	0
Number of indigent households registered in the Indigent Register for the bi-annual registration period from 01/07/2023 to 30/06/2025 [target for 2024/25]	7 686	6 862	8 055	1 193
Percentage of municipality's Free Basic Service's budget spent on provision of Free Basic Services to registered indigent households [indigent relief for free basic services]	100%	55%	94.68%	39.68%
Percentage of FWPQ finalised within 5 working days from the closing date for submission of quotations to improve service delivery.	95%	98%	96.88%	-1.12%
Percentage of capital projects funded under conditional grants [MIG, RBIG and WSIG] paid within 30 working days of receipt of invoice.	95%	99%	75%	-24%

Analysis of Municipal Performance Data (2023/2024 vs. 2024/2025)

Crucial Context and Limitation

Before analysing the variances, it is essential to highlight the fundamental caveat provided by the Auditor General of South Africa. The Auditor General of South Africa did not audit the 2023/2024 performance information. The primary reason given is that Statistics South Africa's Census 2022 figures were considered outdated for this purpose.

This means that the reported achievements for 2023/2024, which serve as the baseline for comparison, could not be validated. Consequently, any variance (positive or negative) between the 2023/2024 and 2024/2025 figures cannot be reliably confirmed as a true reflection of performance change. The differences observed may be due to actual performance shifts, or they may be artifacts of using unverified or methodologically inconsistent data.

1. Areas of Significant Concern (Major Negative Variances)

These indicators show a dramatic drop in achievement compared to the prior year. The validity of this decline is uncertain without audit verification.

Land use categories applied for (-75%)

This is the most severe drop, falling from 100% to 25%. This suggests a major slowdown in processing rezoning, consolidation, or sub-division applications, which can stifle economic development and private investment. The fact that the previous year reported 100% achievement is now questionable without an audit.

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Number of White and Yellow vehicles serviced (-61)

A drop from 87 to 26 vehicles serviced indicates a potential crisis in the maintenance of municipal fleet (likely administrative and utility vehicles). This can severely impact service delivery across all departments. Percentage of households with access to basic water supply (-9%): A drop from 103% to 94% is alarming. The previous year's figure of 103% is statistically unusual and warrants scrutiny. If accurate, this decline represents a significant reduction in a fundamental basic service.

Percentage of Free Basic Services budget spent on indigent households (-17.31%)

While still high at 94.68%, the drop from 111.99% is substantial. The prior year's over-expenditure (111.99%) is a red flag for financial management, and the current year's decrease could indicate either improved budgeting or a reduction in support for indigent households.

2. Areas of Moderate Concern (Minor Negative Variances)

These indicators show a slight but noticeable decline.

Basic Sanitation Access (-3%)

A small decrease from 78% to 75%, moving the municipality further away from its 71% target. This is a critical service area.

Basic Solid Waste Removal (-9%)

A decline from 103% to 94%. Again, the previous year's >100% figure is unusual. The current year's achievement is just above the target, but the trend is negative.

Awareness Campaigns (Water: -2, Energy: -1)

Both environmental and energy conservation campaigns were under-executed against their targets, suggesting a possible reduction in public education efforts.

3. Areas of Positive Performance and Improvement

These indicators show either stable performance or clear improvement.

Exceeded Target / Improved Efficiency

FWPQ finalised within 5 days (+1.17%)

Improvement in the speed of finalising quotations, exceeding the target.

Capital project payments within 30 days (+2%)

Achieved 100%, indicating excellent performance in processing grant payments to contractors.

Met Target Consistently

Fire Incident Attendance (100%)

Consistently met the critical response target.

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Parks Managed (7)

Met the target for maintained public spaces.

Significant Over-Achievement on Specific Projects

New Townships Proclaimed (Target: 1, Actual: 5)

A major over-achievement, indicating active land release and development.

Ablution Facilities Renovated (Target: 3, Actual: 5)

Good progress on public facility upgrades.

Indigent Households Registered (+1,193)

Successfully increased the number of registered indigent households, which is crucial for directing support to those who need it.

4. Incomplete / Ambiguous Data

Gravel Roads Converted (Target: 3.5km, Actual: 0): A complete failure to meet this infrastructure target. This has a direct impact on service delivery and infrastructure.

Municipal Planning Tribunal Seatings (Target: 4, Actual: 3)

Slightly under target.

The reported performance for 2024/2025 presents a concerning picture in several core service delivery areas, particularly land use management, water access, and fleet maintenance, while showing strength in financial processing, township development, and fire services.

However, the overarching and most critical finding is that these conclusions are provisional. The absence of an Auditor General of South Africa audit on the 2023/2024 data fundamentally undermines the reliability of any year-on-year comparison.

The dramatic variances observed could be a result of real performance issues, or they could be amplified by inaccurate historical reporting. A true assessment of the municipality's performance trajectory can only be made once all relevant data has been subjected to independent verification, which this year's audited figures will serve as a basis.

3.1

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COMPONENT A: BASIC SERVICES

3.2 INTRODUCTION TO BASIC SERVICES

Municipalities are the most basic units of government in the country and are tasked with providing basic services and fostering development in the regions they control. Local government in South Africa is largely understood in terms of service delivery and the South African Constitution, Act No. 108 of 1996, assigns municipalities the role to mobilise economic resources towards the improvement of the lives of all citizens.

Basic services are the fundamental building blocks of improved quality of life, and adequate supplies of safe water and adequate sanitation are necessary for life, well-being, and human dignity. Tremendous progress has been made over the past few decades in the delivery of basic services.

The Community Survey 2016 found that 89,8% of households used piped water, that 63,4% used flush toilets connected to either the public sewerage or to a local septic system, that 63,9% of households receive refuse removal services, and finally, that 87,6% of households had access to electricity.

These headline figures, however, hide a lot of variation across provinces, district councils and between local municipalities. Households living in rural municipalities usually have access to far less, and usually also more inferior services to those living in wealthier, particularly more urban municipalities.

Although the reasons for the existence of backlogs differ by service and between municipalities, part of the reason relate to the legacy of unequal development which still haunt former homeland areas, high levels of poverty that limit households' ability to pay for services, as well as the practical constraints of extending services to far off rural areas or densely populated informal areas at great expense to the local municipality.

Although certain 'gold' standards have been set for each service, such as the provision of flush toilets, the provision of running water in the dwelling, or weekly kerbside refuse removal, financial and practical constraints have forced municipalities to provide a variety of service levels to meet the very basic needs of residents.

Since using a single measure of household access would hide the combination of measures used by municipalities, this report uses an index to explore the complex interchange between different service delivery measures in more detail.

The report shows that households in rural municipalities generally have access to poorer service levels. Although household perceptions of the services they receive vary greatly between municipalities, households in metropolitan municipalities are generally more satisfied than those in smaller municipalities, particularly rural municipalities.

A simple correlation between municipal poverty headcounts and the available infrastructure shows a strong positive relationship. The relationship between household satisfaction with basic services and the quality of infrastructure can also be expressed as a strong positive correlation, meaning that poor households with inadequate access to services are most likely to be dissatisfied with those services. The report finally finds that 75% of households in South Africa did not believe that municipalities were actively addressing the issues they felt was most important for households in their respective municipalities.

T 3.2

3.3 INTRODUCTION TO WATER PROVISION

The Department of Technical Services is responsible for providing basic services under the following sectors:

- Water
- Sanitation
- Electricity
- Roads and stormwater
- Planning and Property Management
- Project Management

All these are provided through a project management unit, and each sector is therefore responsible for maintenance of the provided infrastructure to ensure effective, efficient, and sustainable service delivery. The department is devoted to improving the quality of life of its community by providing efficient, sustainable, reliable, and affordable infrastructure and to ensure continuous upgrade and maintenance of the existing infrastructure. This department is also mandated to ensure adequate services land through which residents can develop quality formal housing and receive security of tenure.

An increase in population growth in the municipality implies an increasing urgency for development of infrastructure for our communities that can support this increase in population. Infrastructure is the foundation that enables economic growth and development.

Local government is mandated to construct and maintain a range of infrastructure that facilitates local economic activities and create an enabling environment for economic growth. The department had included key priority projects on the Integrated Development Plan 2024/2025 to secure funding to fulfil this mandate.

Infrastructure is the foundation that enables economic growth and development. Local government is mandated to construct and maintain a range of infrastructure that facilitates local economic activities and create an enabling environment for economic growth. From a local perspective, the following infrastructure categories are of key importance specifically in terms of:

1. Water and Sanitation

- Planning the provision of water and sanitation services (Master planning),
- Operation and maintenance of the water and sanitation assets and resources
- Manage the provision of capital infrastructure related
- Project management, and
- Policies, procedure, and standards for the provision of the service

2. Roads and Stormwater

- Planning the provision and upgrading of adequate roads and stormwater
- Maintenance of the existing infrastructure
- Manage the provision of capital infrastructure
- Project management

3. Electricity

- Plan and manage the distribution of electricity
- Operation and maintenance
- Manage the provision of capital infrastructure
- Project management

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- Policies, procedures, and standards for the provision of the services

4. Planning and Property Management

- Plan the provision of housing to the needy by the province
- Assist the Province in coordinating the housing delivery strategies
- Enforce the provincial policies on housing matters, and
- Assist the province in the managing of contractors and the projects
- Provide guidance to the community on housing matters • Maintain database of housing beneficiaries' waiting list

The Community Services is responsible for the provision and maintenance of the following services:

- Security Services and Property Maintenance.
- Traffic Management.
- Disaster Management.
- Waste Management.
- Parks and Cemeteries; and
- Local Economic Development, Tourism, Sport and Recreations.

5. Project Management Unit

- Provide support to all the sectors above on implementation of capital.
- Coordination of the project identification process between municipalities served by the Project Management Unit, in terms of the relevant Integrated Development Plans.
- Coordination of the project feasibility process, with involvement of other municipal departments where appropriate, in terms of the relevant integrated development plans.
- Establishment and approval of contracts with contractors and consultants for each project, including feasibility studies.
- Project management, including ensuring that projects meet planning objectives.
- Coordination of project-based capacity building initiatives: the Project Management Unit is responsible for ensuring that project-related capacity building and development objectives are met; and
- Management of Municipal Infrastructure Grant Management Information System for registration of projects, facilitate the capture of backlog information, monitoring and preparation of all necessary reports.
- Build capacity to operationalize and manage the Municipal Infrastructure Grant Management –Management Information Systems.

It is important to note that the Project Management Unit is a function or shared function within a municipality. All it requires are the planning, organizing, coordinating, controlling, and directing of the activities of a project.

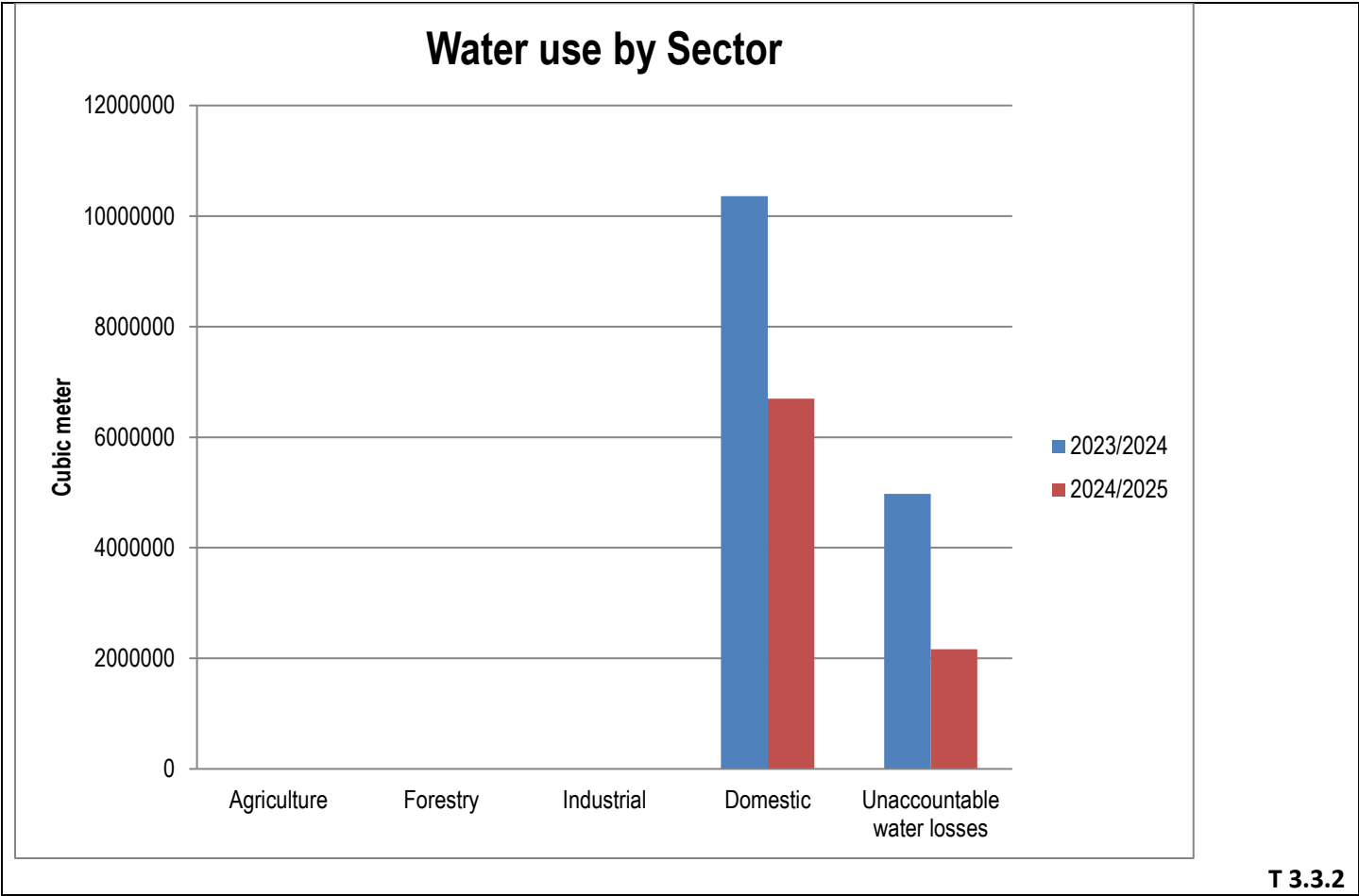
T 3.3

3.3.1 TOTAL USE OF WATER BY SECTOR (CUBIC METERS)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2021/2022	-	-	-	8 768 160	3 531 908
2022/2023				8 995 192	3 828 807
2023/2024				10 360 268	4 972 929
2024/2025				6 695 784	2 167 291
					T 3.3.1

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3.3.2 WATER USE BY SECTOR



3.3.3 COMMENT ON WATER USE BY SECTOR

Information not provided

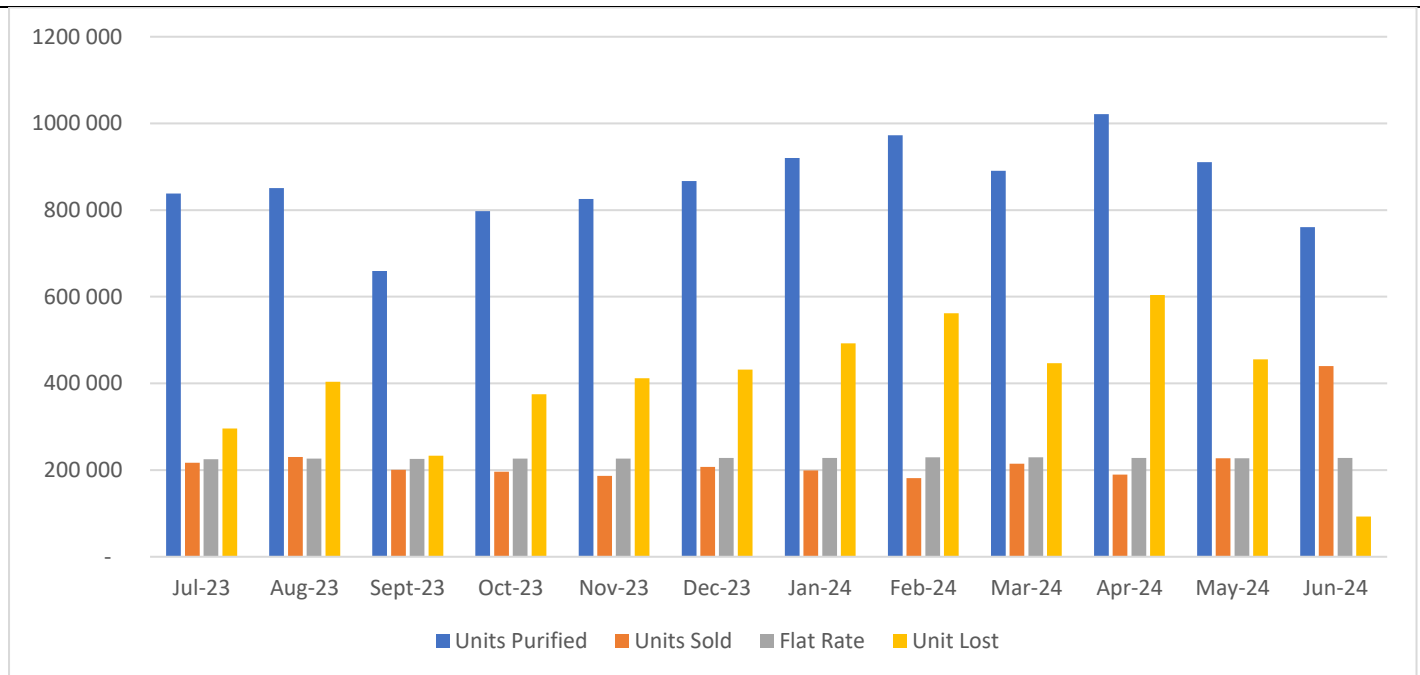
T 3.3.3

3.3.4 WATER LOSSES

2024/2025	Units Purified	Units sold	Flat Rate	Unit Lost	Percentage Losses	2023/2024
July 2024	754 353	347 100	328 243	79 010	10%	35%
August 2024	667 956	196 996	330 106	140 854	21%	35%
September 2024	572 736	188 514	331 217	53 005	9%	20%
October 2024	676 450	201 347	330 308	144 795	21%	35%
November 2024	707 097	240 015	330 982	136 100	19%	43%
December 2024	703 720	237 997	332 211	133 512	19%	38%
January 2025	738 480	242 714	331 090	164 676	22%	43%
February 2025	776 126	225 536	331 319	219 271	28%	47%
March 2025	749 852	223 281	332 016	194 555	26%	39%
April 2025	904 230	231 790	330 827	341 613	38%	49%
May 2025	838 145	195 369	332 458	310 318	37%	39%
June 2025	773 930	193 666	330 682	249 582	32%	-1%
Total	8 863 075	2 724 325	3 971 459	2 167 291	24%	35%

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Percentage water losses account to an average of 24% for the year under review and this includes units consumed in townships with a flat rate as there are no meters installed. This is within the prescribed norm from National Treasury for water losses which is estimated to be between 15% and 30%.



The water losses are calculated obtaining the difference between the volume or quantity of water purified and the volume or quantity of water sold. The municipality is currently reading water meters in the traditional towns only and therefore their consumption can be measured realistically, whilst the traditional townships the municipality levy a flat rate. Losses can result from leakages, pipes and joints, and overflows of reservoirs

T 3.3.4

3.3.5 WATER SERVICE DELIVERY LEVELS

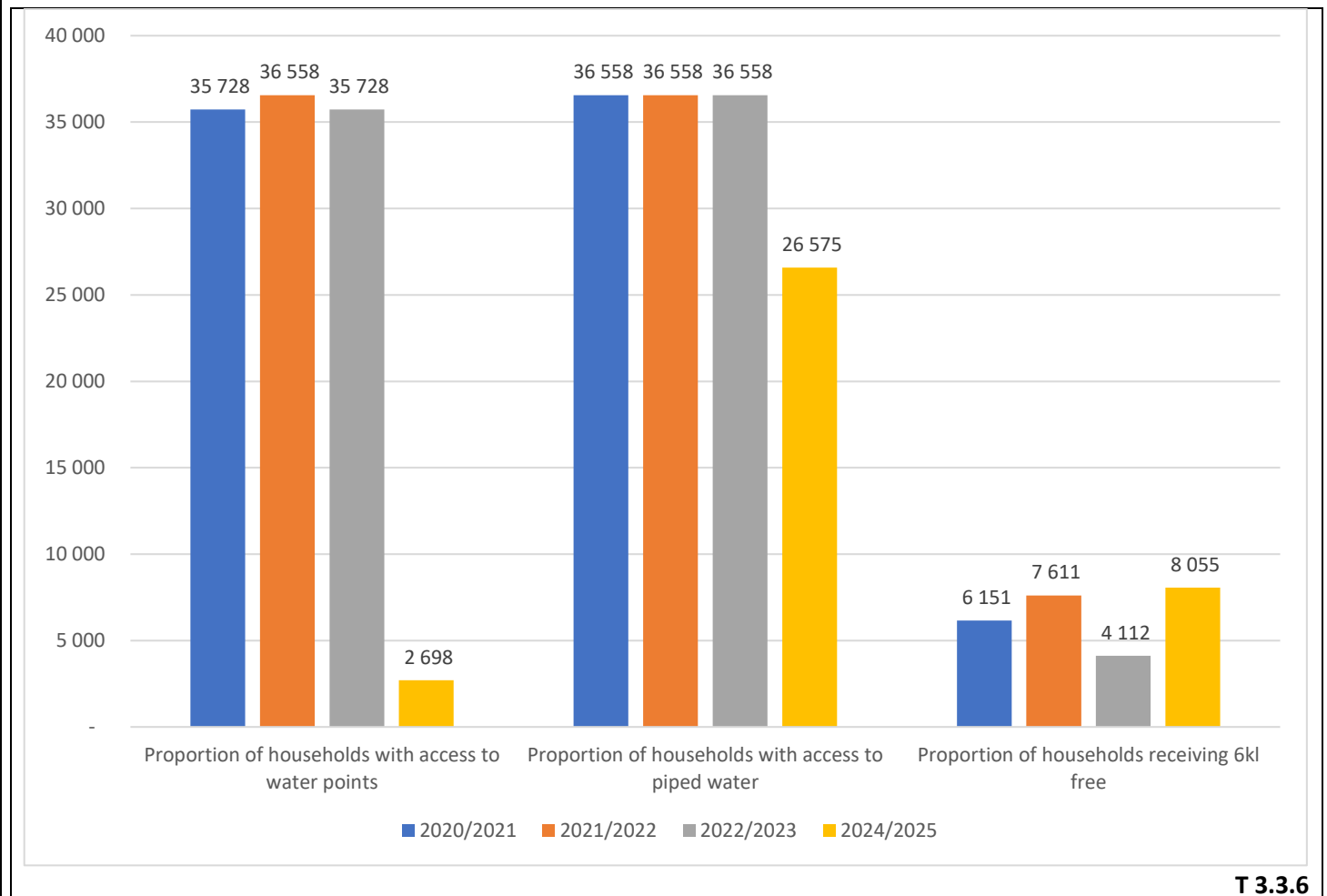
Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water above min level				
Piped water inside dwelling	5 693	5 693	5 693	5 693
Piped water inside yard (but not in dwelling)	27 820	27 820	27 820	20 882
Using public tap (within 200m from dwelling)	2 222	2 222	2 222	295
Other water supply (within 200m)	830	830	830	2 403
Minimum Service Level and Above sub-total	36 558	36 558	36 558	29 273
Minimum Service Level and Above Percentage	98%	98%	98%	94%
Water below min level				
Using public tap (more than 200m from dwelling)	0	0	0	0
Other water supply (more than 200m from dwelling)	0	0	0	0
No water supply	823	823	823	1 868
Below Minimum Service Level sub-total	823	823	823	1 868
Below Minimum Service Level Percentage	2%	2%	2%	6%
Total number of households	37 388	37 388	37 388	31 141

T 3.3.5

Statistic South Africa Census 2022 for 2022/2023 and Municipal Valuation Roll 2023-2028 data

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3.3.6 ACCESS TO WATER



3.3.7 EMPLOYEES: WATER SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	4	4	4	0	0%
10 - 12	39	70	39	31	44%
16 - 18	9	8	9	-1	-12%
Total	53	83	53	30	36%

T 3.3.7

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3.3.8 FINANCIAL PERFORMANCE 2024/2025: WATER SERVICES

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-62 428	-62 428	-63 0325	1%
Expenditure:					
Employees	125	14 420	14 420	14 242	-1%
Repairs and Maintenance	25	7 424	8 224	4 373	-88%
Other	45	109 510	72 432	57 014	-27%
Total Operational Expenditure	195	131 354	95 076	75 626	-26%
Net Operational Expenditure	195	68 926	32 648	12 604	-159%
T 3.3.8					

3.3.9 CAPITAL EXPENDITURE 2024/2025: WATER SERVICES

R'000					
2024/2025					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects implemented					
T 3.3.9					

3.3.10 COMMENT ON WATER SERVICES PERFORMANCE OVERALL

Bulk Water Services has been able to do upgrades on the Water Treatment Works in Clocolan and Senekal, coupled with the rising mains in Ficksburg and Clocolan from asbestos to high density polyethylene. The main challenge in the bulk infrastructure is the capacity of reservoirs.

The municipality is still facing a challenge with raw water sources; our dams are highly silted and can only retain small amount of raw water which has been ideal during this dry season. In Marquard, Laaispruit dam wall remains a problem which has let to Clocolan and Marquard having to share water from Caledon River-water shedding. The turnaround time for the maintenance of the bulk infrastructure has improved and thus allowing us to serve the respective communities with clean portable water.

T 3.3.10

3.4 INTRODUCTION TO SANITATION PROVISION

The primary objective for water and sanitation is to:

- ensure effective, efficient, affordable, economical, and sustainable access to water and sanitation services
- promote sustainable livelihoods and economic development.
- Report annually on progress against development plans to improve access to quality water and sanitation services. Provide for regular maintenance of water and sanitation infrastructure.

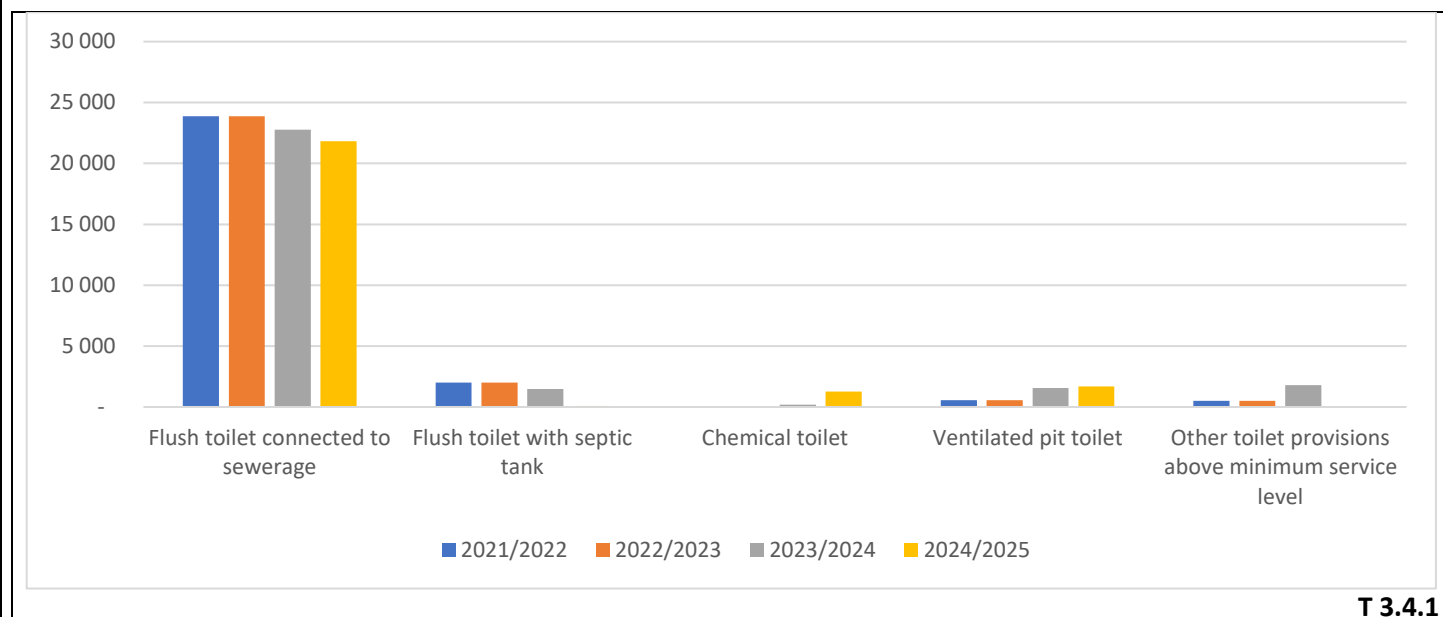
The municipality is supplying water through reticulation system to 97% of the formalized areas and supply water through water tanks on those areas which are not having a proper reticulation system. The municipality is still having a historical backlog of households still using bucket system, ventilated improved pit latrine, and septic tanks.

Even though the municipality tries to implement the projects of eradicating this backlog what becomes a stumbling block is the capacity of the Bulk infrastructure that need to be upgraded to handle the additional demand as the bulk infrastructure is overloaded with the existing demand. This causes a lot of sewer spillages especially in the townships which ultimately increases number of complaints relating to sewer spillages by residents.

T 3.4

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3.4.1 SANITATION ABOVE MINIMUM LEVEL 2024/2025



3.4.2 SANITATION SERVICE DELIVERY LEVELS

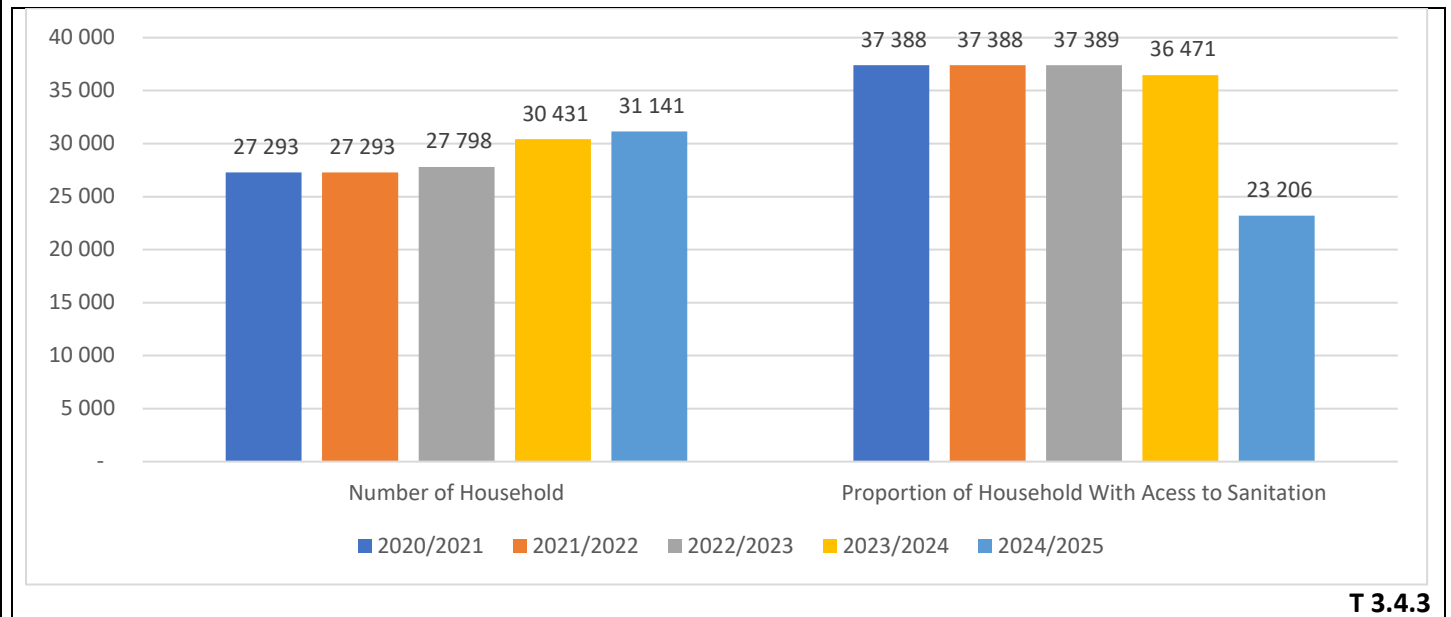
Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation above minimum level				
Flush toilet (connected to sewerage)	22 777	28 567	28 567	21 835
Flush toilet (with septic tank)	1 482	0	0	95
Chemical toilet	185	184	184	0
Pit toilet (ventilated)	1562	1680	1680	1 276
Other toilet provisions (above minimum service level)	1792	0	0	0
Minimum Service Level and Above sub-total	27 798	30 431	30 431	23 206
Minimum Service Level and Above Percentage	74.3%	83%	83%	75%
Sanitation below minimum level				
Bucket toilet	7 841	5 230	5 230	6 266
Other toilet provisions (below minimum service level)	373	214	214	0
No toilet provisions	1377	596	596	1 669
Below Minimum Service Level sub-total	9 591	6 040	6 040	7 935
Below Minimum Service Level Percentage	25.7%	17%	17%	25%
Total households	37 389	36 471	36 471	31 141

T 3.4.2

Source: Statistic South Africa Census 2022 for 2022/2023 and Municipal Valuation Roll 2023-2028 data

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3.4.3 ACCESS TO SANITATION



Source: Statistic South Africa Census 2022 for 2022/2023 and Municipal Valuation Roll 2023-2028 data

3.4.5 EMPLOYEES: SANITATION SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	6	12	6	6	50%
10 - 12	1	9	1	8	89%
13 - 15	12	11	12	12	--9%
16 - 18	76	100	76	24	24%
Total	98	135	98	37	27%

T 3.4.5

3.4.6 FINANCIAL PERFORMANCE 2024/2025: SANITATION SERVICES

R'000					
Details	2023/2024 Actual	2024/2025 Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		-104 573	-114 183	-143 257	29 074
Expenditure					
Employees		26 454	26 454	19 869	6 585
Repairs and Maintenance		1 903	5 999	4 264	1 735
Other		45 237	75 306	49 437	25 869
Total Operational Expenditure		73 594	107 759	73 570	34 189
Net Operational Expenditure					

T 3.4.6

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3.4.7 CAPITAL EXPENDITURE 2024/2025: SANITATION SERVICES

R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects implemented					
					T 3.4.7

3.4.8 COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

The municipality is still having a historical backlog of households still using bucket system, ventilated improved pit latrine, and septic tanks. Even though the municipality tries to implement the projects of eradicating this backlog what becomes a stumbling block is the capacity of the bulk infrastructure that need to be upgraded to handle the additional demand as the bulk infrastructure is overloaded with the existing demand. This causes a lot of sewers.

T 3.4.8

3.5. INTRODUCTION TO ELECTRICICTY SERVICE

The Electricity Division of the municipality is the supply authority to all town areas whereas Eskom being the service provider for all the townships and farm areas. The electricity provision backlog is currently at 1 541 households. There is still a need for a situational analysis for the municipality to ensure that all informal settlements are formalised (as indicated in the urban planning backlogs) and basic access to electricity provided to those areas.

Applications were submitted by the municipality to both Eskom and the Department of Minerals and Energy to address backlogs on the supply of electricity to formal households, maintain and upgrade the electricity infrastructure. No funding was approved for the 2024/2025 financial year to address the backlog in the municipality supply area. Formalisation and occupying are necessary before funding is approved by the Department.

The municipality continuously ensure sustainable electricity supply to its supply areas and provide communities with public lighting by means of streetlights in the towns and streetlights and high mast lights in the townships. The municipality also provide free basic electricity to all registered indigents households.

T 3.5

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3.5.1 ELECTRICITY SERVICE DELIVERY LEVEL

Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Energy: (above minimum level),</u>				
Electricity (at least min.service level)	–	–	–	–
Electricity - prepaid (min.service level)	29 134	29 134	29 134	29 134
<i>Minimum Service Level and Above sub-total</i>	29 134	29 134	29 134	29 134
<i>Minimum Service Level and Above Percentage</i>	94%	94%	94%	94%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	2 007	2 007	2 007	2 007
<i>Below Minimum Service Level sub-total</i>	2 007	2 007	2 007	2 007
<i>Below Minimum Service Level Percentage</i>	6%	6%	6%	6%
Total number of households	31 141	31 141	31 141	31 141
T 3.5.1				

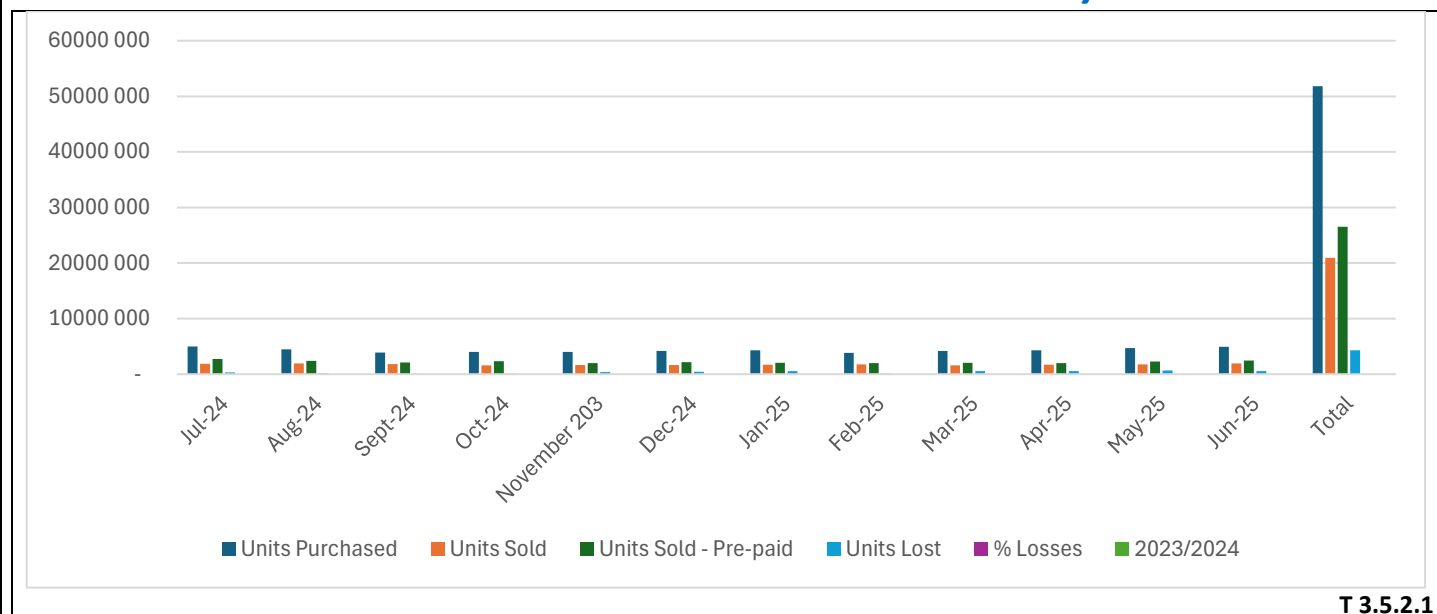
3.5.2 ELECTRICITY LOSSES

2024/2025	Units Purchased	Units Sold	Units Sold - Pre-paid	Units Lost	% Losses	2023/2024
July 2024	4 995 640	1 898 789	2 751 086	345 765	7%	11%
August 2024	4 467 328	1 960 204	2 383 937	123 187	3%	9%
September 2024	3 922 269	1 803 531	2 109 070	9 668	0%	2%
October 2024	4 010 448	1 599 051	2 329 071	82 326	2%	7%
November 203	4 019 154	1 675 998	1 974 918	368 238	9%	0%
December 2024	4 192 102	1 621 304	2 141 031	429 767	10%	11%
January 2025	4 302 602	1 688 403	2 074 941	539 258	13%	11%
February 2025	3 825 970	1 736 316	2 001 470	88 184	2%	3%
March 2025	4 173 192	1 581 805	2 053 333	538 054	13%	5%
April 2025	4 275 523	1 730 249	1 977 619	567 655	13%	7%
May 2025	4 681 978	1 748 773	2 271 245	661 960	14%	8%
June 2025	4 938 687	1 916 657	2 459 065	562 965	11%	1%
Total	51 804 893	20 961 078	26 526 786	4 317 029	8%	6%

Percentage electricity losses account to an average of **8%** for year to date. The prescribed norm from National Treasury for electricity losses is estimated to be between 7% and 10%.

T 3.5.2.

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3.5.3 EMPLOYEES: ELECTRICITY SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	4	4	4	0	0%
7 - 9	0	8	2	6	75%
10 - 12	0	4	4	0	0%
13 - 15	9	18	9	9	50%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	14	36	20	16	44%

T 3.5.3

3.5.4 FINANCIAL PERFORMANCE 2024/2025: ELECTRICITY SERVICES

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	114 621	173 058	175 769	168 647	-3%
Expenditure:					
Employees	7 550	11 194	11 194	10 748	-4%
Repairs and Maintenance	2 046	2 350	3 530	2 485	5%
Other	83 741	191 235	168 068	136 420	-40%
Total Operational Expenditure	93 337	204 779	182 792	149 653	-37%
Net Operational Expenditure	-21 284	31 721	7 023	-18 994	267%

T 3.5.4.

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3.5.5 CAPITAL EXPENDITURE 2024/2025: ELECTRICITY SERVICES

					R' 000
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11 481	19 622	9 172	-25%	
Network	0	150	93	100%	150
Vehicles	300	300	0	100%	300
High Mast lights	10 181	14 172	6 534	-56%	10 181
Acquisitions	1 000	2 500	494	-102%	90
					T 3.5.5.

3.5.6 COMMENT ON THE ELECTRICITY SERVICES PERFORMANCE OVERALL

The performance of the Division was very good for the financial year, with only one Key Performance Indicator hamper the total performance of the Division. The repair of streetlights / high mast lights was a great overachievement. The lack of equipment and material is a back draw for the division. Some maintenance and servicing were done on oil circuit breakers to strengthen the network capability.

There is also a need to ensure that all vacant posts are filled by qualified, experienced persons in order to ensure efficient, effective and sustainable performance for the supply of electricity in all the units and the provision of public lighting.

In each unit 2 x high mast lights were installed in the townships.

T 3.5.6

3.6. INTRODUCTION TO WASTE MANAGEMENT

The mandate of the department is mainly a service delivery component and therefore intends to strive to continuously improve how we render services to communities. The experience over a period have shown that it requires the change approach in the way we extend and reach out to the communities to ensure that those areas which were not previously serviced are better off. Waste management is an important part of the key performance areas of this department and, although efforts has been made to improve service delivery during this reporting period, numerous challenges and non-compliance issues still hamper effective service delivery.

The municipality has improved on refuse collection but still battling on the issues of littering, this is one of the municipality's greatest challenges. The Municipality is trying to service all areas, and some programmes such as the Mayoral Cleaning Campaign, Extended Public Works Programme and Community Works Programs have been implemented to reduce the amount of litter in the environment.

As service delivery department, our mandate is the provision of waste management service, which is compulsory, efficient, safe, and cost effective and to ensure that the environment is conducive and not harmful to the health and wellbeing of communities. The division is responsible to deliver the following services:

- Collection of households, business, and industrial waste at least once a week.
- Cleaning of the central business areas in all the units with litter picking daily, seven days a week.
- Managing the licensed landfill sites in Ficksburg, Senekal, Clocolan and Marquard in terms of the license conditions.
- Strive to on a continuous basis the removal of corner dumping from vacant stands, pavements, and public open areas.
- Community awareness programs introduced to the community.

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- Encouraging and supporting recycling projects initiated by local Small Medium Macro Enterprises.
- Cleaning campaigns involving the Extended Public Works Programmes and Community Works Programs

The management and the personnel worked tirelessly together to improve the level of the service rendered during this year and that can be attributed by increase in percentage regarding collection of household refuse and collection of business waste.

T 3.6

3.6.1 SOLID WASTE SERVICE DELIVERY LEVELS

Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	32 913	33 874	33 884	29 518
Minimum Service Level and Above sub-total	32 913	33 874	33 884	29 518
Minimum Service Level and Above percentage	88%	91%	97%	95%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	4 475	3 514	1 181	1 623
Using communal refuse dump	-	-	-	-
Using own refuse dump	-	-	-	-
Other rubbish disposal	-	-	-	-
No rubbish disposal	-	-	-	-
Below Minimum Service Level sub-total	4 475	3 514	1 181	1 623
Below Minimum Service Level percentage	12%	9%	3%	5%
Total number of households	37 388	37 388	35 065	31 141
T 3.6.1				

Source: Statistic South Africa Census 2022 for 2022/2023 and Municipal Valuation Roll 2023-2028 data

3.6.2 HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM

Description	Households					
	2022/2023	2023/2024	2024/2025	2024/2025		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual budget
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	33 874	33 884	31 141	63 032	85 289	85 102
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	822	822	822	3 317	4 542	4 479
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
T 3.6.2						

Source: Statistic South Africa Census 2022 for 2022/2023 and Municipal Valuation Roll 2023-2028 data

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3.6.3 EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full t time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0%
4 - 6	4	5	3	1	40%
7 - 9	15	15	9	7	47%
10 - 12	6	4	1	3	75%
13 - 15	37	10	7	3	30%
16 - 18	34	81	55	26	32%
Total	102	116	76	40	34%
T 3.6.3					

3.6.4 FINANCIAL PERFORMANCE: SOLID WASTE MANAGEMENT SERVICES

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-68 087	-95 909	-109 268	-108 314	-1%
Expenditure					
Employees	18 192	23 724	28 724	28 680	0%
Repairs and Maintenance	52	3 560	3 023	1 299	-57%
Other	35 033	21 633	24 355	35 817	47%
Total Operational Expenditure	53 276	48 917	56 102	65 796	17%
Net Operational Expenditure	-14 811	-46 992	-53 166	-42 518	-20%
T 3.6.4					

3.6.5 COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

Households in Setsoto receive once a week waste collection. The division does experience frequent breakdowns of vehicles and equipment, also at times are challenged by roads and weather conditions, however the municipality curbs the backlog through overtime.

The collection of refuse is done as per the schedule however the residents would place out refuse for collection on the date that are not meant for their routes and when collection schedule is not adhered to such waste is illegally disposed on public open areas. The removal of these corner dumps is a major challenge as these are serviced by one Front-end loader available to manage the four units and the (4) licensed landfill sites and by the virtue of dealing with illegal dumping on a weekly basis it also places an additional pressure on the management of the landfill sites.

Number of Households used as a base for the collection of refuse as per the Municipal evaluation roll 2023-2028 was 31 141. The cleaning of the central business areas seven days a week ensures that these areas are clean and neat most of the time. Littering and the placing of refuse for collection by business owners on any day is a challenge, that is attended to on a regular basis.

The increase in the number of customers to the towns due to the Border post with Lesotho in Ficksburg and the N5 running through Senekal are creating more refuse and litter, but this is also an economical benefit to these towns. The Friday cleaning campaigns initiated really showed positive effects, but the challenge with resources as indicated above are experienced.

To ensure that service is not hampered the Engineering Department assisted with the provision of other resources- Tipper Trucks and Tractor Loader Backhoe- and the following strategies were implemented:

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- Sharing of vehicles just to be able to service most of the areas.
- Utilize of Extended Public Works Programme and Community Works Program employees to assist the permanent employees with the collection of refuse as
- well as the cleaning of the central business areas over weekends to curb overtime.

The disposal of waste is done at the licensed landfill sites in Ficksburg, Senekal, Clocolan and Marquard. It is however difficult to maintain these sites as per license conditions due to the non-availability of dedicated resources.

Trying to improve the level of our service three (3) Compactor Trucks were bought to assist with refuse collection in Marquard, Senekal and Ficksburg Units.

Recycling is being done by private entrepreneurs that were collecting recyclable material from reclaimers at the landfill sites in the municipality. The reclaimers at the landfill sites were trained by officials from the Department of Environmental Affairs, with a plan to give more formal training to entrepreneurs in the recycling business.

The approved Integrated Waste Management Plan will be reviewed in the new financial year 2024/2025. The priorities in waste management were:

- The maintenance of refuse collection vehicles to ensure that vehicles are available for service delivery.
- The sharing of vehicles and equipment in a coordinated manner to ensure waste management service of a high standard, and tipper trucks were shared successfully between the Departments of Engineering and Development Planning for the Friday Cleaning Campaigns and to assist with the carting in of gravel.

T 3.6.5

3.7 INTRODUCTION TO URBAN PLANNING AND HOUSING

The Planning and Property Management division is responsible for the acquisition of land to develop township establishments and avail serviced land for human settlements, spatial planning, land surveying, building control, and Geographical Information Systems. The growth and development of towns, townships and or urban areas is a competency of this division. One other important aspect is the relocation of people away from the flood lines to proper developed land and to acquire additional land for township establishment.

Land Use Management and land use control are also key objectives of this division to maintain all the towns' characters. The municipality is continually implementing the Spatial Planning and Land Use Management Act, 16 of 2013 through the enforcement of the Setsoto Municipal Planning By-Laws. The very same Spatial Planning and Land Use Management Act, 16 requires all municipalities to have a uniform Land Use Scheme within five years from implementation date. The municipality is compliant as it has adopted a Land Use Scheme and the Spatial Development Framework as per the provision of the Act.

The division ensures that communities have access to housing and security of tenure through Title Deeds. However, the provision of housing is still the competency of the Free State Provincial Government-Human Settlements-as it allocates Reconstruction and Development Programme houses through their budget. The municipality submits business plans to the Free State Provincial Government along with living waiting lists which are compiled at grassroots level by the municipality.

The local municipality assists the Provincial Government in ensuring that serviced sites are available through Township Establishment to build Reconstruction and Development Programme houses for the poor. The municipality then furnishes the Free State with data as to how many people need subsidy housing especially the poor and there is a programme called Finance Linked Individual Subsidy Programme which will assist local government to cater for people who do not qualify for RDP houses and do not afford to buy or build houses for themselves.

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The challenges experienced by the municipality is illegal occupation of un-serviced land, especially in Ficksburg and Clocolan respectively. The municipality is in the process trying to get a court interdict to prevent such illegal practice. The municipality have planned for the upgrading of all informal settlements and development of at least one township establishment in each town.

In terms of the built environment, the Directorate implement building control measures by applying National Building Regulations and Standards Act and offer technical advice to members of the community. The Directorate is also responsible for the promotion of safe and sustainable building structures which are uniform to the built environment legislation and the laws related thereto.

T 3.7

3.7.1 PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

Year	Total households (including informal and formal settlements)	Households in formal settlements	Percentage of households in formal settlements
2019/2020	31 103	28 519	91.7%
2020/2021	33 687	30 136	98.5%
2021/2022	34 687	33 687	97.1%
2022/2023	36 559	34 687	94.9%
2023/2024	36 559	34 687	94.9%
2024/2025	31 141	29 518	94.7%
T 3.7.1			

Source: Statistic South Africa Census 2022 for 2022/2023 and Municipal Valuation Roll 2023-2028 data

3.7.2 EMPLOYEES: URBAN PLANNING AND HOUSING

Job Level	2023\2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33%
4 - 6	8	9	8	1	11%
7 - 9	16	24	16	8	33%
10 - 12	1	1	1	0	0%
Total	27	37	27	10	27%
T 3.10.4					

3.7.3 FINANCIAL PERFORMANCE: URBAN PLANNING AND HOUSING

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	-2 018	-2 246	-2 418	8%
Expenditure:					
Employees	125	12 302	12 302	10 317	-16%
Repairs and Maintenance	25	1 650	1 240	531	-57%
Other	45	1 757	7 262	64 976	795%
Total Operational Expenditure	195	15 709	20 804	75 824	264%
Net Operational Expenditure	75	13 691	18 558	73 406	296%
T 3.10.5					

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3.7.4 URBAN PLANNING AND HOUSING SERVICE PERFORMANCE OVERALL

The key outcomes in respect of Land Use and the Built Environment functions in Setsoto Local Municipality are to address historical spatial imbalances evidenced in underserved areas, rural areas, informal settlements, state land; to mitigate long term risks of spatial development patterns; and to promote rational & predictable land development.

Planning and Property Management has managed to reach majority of the targets. The division continues to deal with situations that are beyond their control, for instance, some targets are captured in numbers instead of percentages. Reason being that such KPIs are entirely reliant on the community members, for example, submission, processing and decision on land development application depends entirely on submission from members of the public. Be that as it may, the division continues to process land development applications efficiently in terms of the Municipal Spatial Planning Bylaw and SPLUMA.

The Directorate of Human Settlements acts as an agent for Provincial Government and is working with them to achieve their vision, to develop sustainable integrated human settlements. Sustainable settlements are residential areas that allow its residents to access social and economic opportunities close to where they live. The directorate is tasked with the responsibility of implementing all Housing programs as outlined in the Housing code which include Social/Rental Housing, Finance Linked Subsidy Program, Affordable housing, Community Residential units, Upgrading of Informal Settlements, Enhanced Peoples Housing Process and Provision of Interim Basic Services.

Achievements:

Municipal Planning Tribunal: A Municipal Planning Tribunal is an independent decision-making body established by a municipality to:

- Consider and decide land development and land-use applications
- Ensure decisions are lawful, fair, and consistent with municipal planning policies

It operates independently from day-to-day municipal administration.

Human Settlement: plays a central role in housing delivery, settlement development, and the creation of sustainable communities. Human Settlements goes beyond housing provision. It focuses on:

- Adequate housing
- Secure tenure
- Access to basic services
- Integrated, sustainable, and inclusive communities

It replaces the narrow concept of “housing” with a broader, people-centred approach.

Building Plan Inspectorate: The directorate continues to enforce the National Building Regulations throughout the Municipal space. This is achieved through the review and approval of building plans so that proposed construction is safe, compliant, and fit for use. Municipal Building Inspectors are responsible for ensuring that construction work is safe, legal, and compliant with approved plans and building regulations throughout the construction process.

Town Planning Directorate is addressing the topographical, land and bulk infrastructural challenges and ensure that all housing developments comply with relevant legislation which include spatial planning and Land Use Management Act, Environmental Management Act, Heritage Act and other Local government legislation.

The town planning directorate is battling the historical housing or sites provision by ensuring that township establishment are created throughout the four units. Recently, a township establishment was proclaimed in Clocolan, another one in Senekal is at the tail end of proclamation. Furthermore, there are currently one mega mixed development township being created in Ficksburg. The said township will address backlogs and ensure sustainable growth of Ficksburg/Meqheleng.

Challenges

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- Critical vacancy rates impact negatively on the division performance.
- The change in the Land Use legislative regime resulted in more functions been allocated to Setsoto Municipality with a higher-than-average number of applications received. Together with the limited human resource capacity, this has placed a strain on the Department's ability to meet the application processing timeframe demands.

Mitigating Strategies

- The municipality is in the process to fill all critical and funded positions.
- The Town Planning Directorate will soon develop and make available a web-based online portal for all land use applications to the public.
- The division will continue to find ways and means to enter formal partnerships with the business community within Setsoto Local Municipal area of jurisdiction for maintenance of municipal buildings and critical infrastructure.

T 3.7.4

3.8 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The number of people has increased from 112 599 to 117 363 between 2011 and 2016, and to 127 918 between 2016 to 2022. It increased with 4 764 people – data from Community Survey 2016. The largest group are Black African of 92.3%, followed by Whites at 5.7%, the third largest group being the Coloureds at 1% and Indians at 0.8%.

The unemployment rate in South Africa stood at 32.9% in the first quarter of 2024, reflecting an increase of 0.8% from the previous quarter, according to Statistics South Africa. In the Free State province, the unemployment rate was recorded at 38% in Q1 of 2024, representing a 1% increase from 37% in the fourth quarter of 2023. This indicates that the Free State continues to experience unemployment levels significantly higher than the national average.

A large percentage of the Setsoto population is very poor and thus experiencing low living standards. These low- or no-income levels indicate that a large portion of the population is dependent on government grants. In contributing to the elimination of poverty in Setsoto Local Municipality the Indigent Policy was reviewed to be a bi-annual Indigent Register and thus have the registration process every second year. This change was implemented to support poor communities. Indigent support for the 2024/2025 financial year was granted on a maximum monthly income per household of R 4 540. Indigent support includes:

- 6 kl free basic water,
- 50 kWh free basic electricity,
- Waste Removal free basic service,
- Sanitation
- Rates

In the year under review 8 055 Indigent Households were registered.

T 3.8

3.8.1 FREE BASIC HOUSEHOLDS' SERVICES

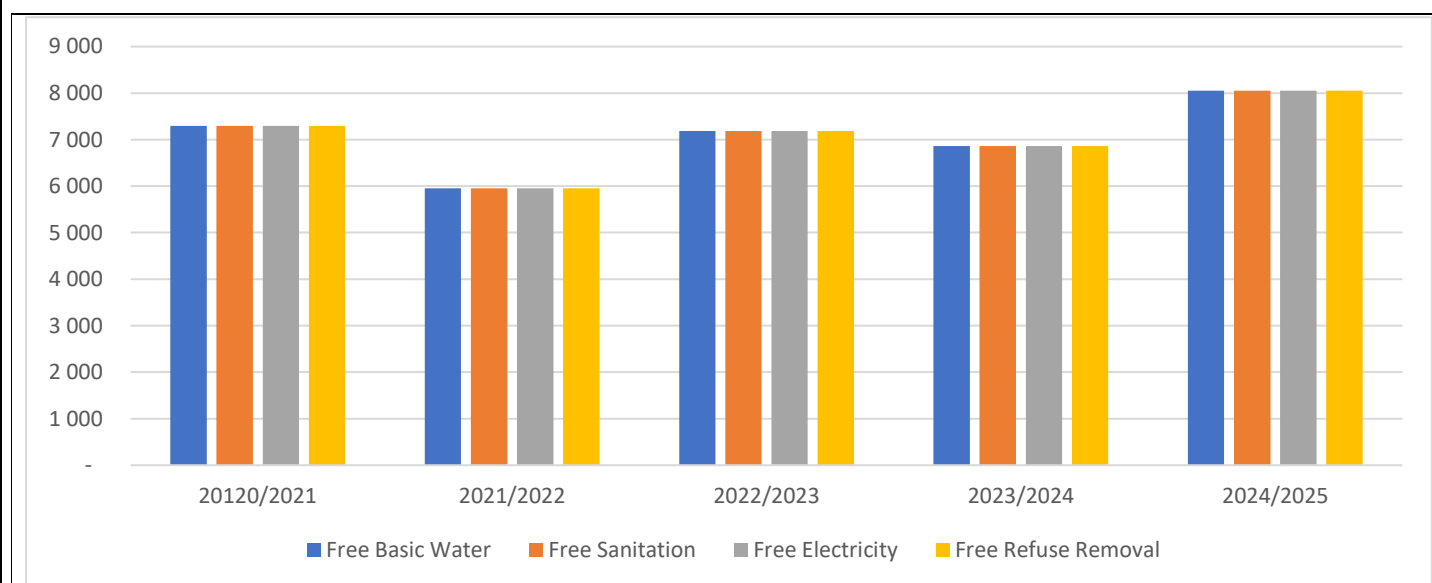
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	Number of households									
	Total	Households earning less than R 4,540 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2020/2021	7 292	7 292	7 292	100%	7 292	100%	7 292	100%	7 292	100%
2021/2022	5 954	5 954	5 954	100%	5 954	100%	5 954	100%	5 954	100%
2022/2023	7 186	7 186	7 186	100%	7 186	100%	7 186	100%	7 186	100%
2023/2024	6 862	6 862	6 862	100%	6 862	100%	6 862	100%	6 862	100%
2024/2025	8 055	8 055	8 055	100%	8 055	100%	8 055	100%	8 055	100%

T 3.8.1

T 3.8.1

3.8.2 FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS



T 3.8.2

3.8.3 FINANCIAL PERFORMANCE: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED

Services Delivered	2023/2024	2024/2025			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
					R'000
Total	47 112	32 159	49 761	34 331	2 172

T 3.8.3

3.8.4 COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

T 3.8.4

COMPONENT B: ROADS AND STORMWATER

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3.9 INTRODUCTION TO ROADS AND STORMWATER

It is evident that if we want to improve the state of our road networks, we will need to go forward with four significant and doable actions

- Accurately assess and quantify the cost of the backlog in municipal road maintenance.
- Increase our spending on infrastructure upkeep and skill development.
- Rebuild/reconstruct roads that are beyond repair and consolidate our road networks.
- Commit the resources required to address the issues affecting our roads.

The exact cost of the backlog in road maintenance is unknown, and it is possible that the true cost of resolving this infrastructure debt and transportation issues will be substantially high. Only through cooperation between private firms, academic institutions, and our government can we achieve the skills, resources, funding, and research needed to meet our needs for road maintenance. Municipalities and road authorities currently face a human resource, national investment, and skills shortfall that needs to be filled. Road maintenance will become less dependable and more necessary if these places are not improved.

In addition to being essential for the general success of several industries and labour forces, road maintenance is also essential for the physical mobility of our society. While applauding the progress being made toward affordable, dependable, and high-quality road maintenance solutions, it is necessary to recognize the difficulties and obstacles that the municipality has regarding maintaining its roads.

Our municipal road networks are an essential component of our economic productivity and will be crucial to South Africa's and most other nations' post-pandemic economic recovery. Unfortunately, as the pandemic draws to a close, the terrible state of some of our transportation infrastructure will continue to impede some of our recovery efforts.

These roadways are necessary for access to many industries, the majority of workforces, the flow of commodities, workers, and workers between various communities. Due to inefficient driving, frequent road closures, and an increase in the likelihood of traffic accidents, poor road maintenance can restrict this access.

In rural areas, lives and livelihoods are at risk because residents must travel to work, access hospitals, schools, and other vital services, as well as convey agricultural produce. The municipality is aware that adequate road maintenance is a crucial component of infrastructure and calls for substantial public-private cooperation.

T 3.9

3.9.1 GRAVEL ROAD INFRASTRUCTURE

Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2020/2021	145	15	10	100
2021/2022	160	20	12	120
2022/2023	166	25	14	140
2023/2024	166	0	0	114
2024/2025	166	0	0	117
T 3.9.1				

3.9.2 TARRED ROAD INFRASTRUCTURE

Kilometres

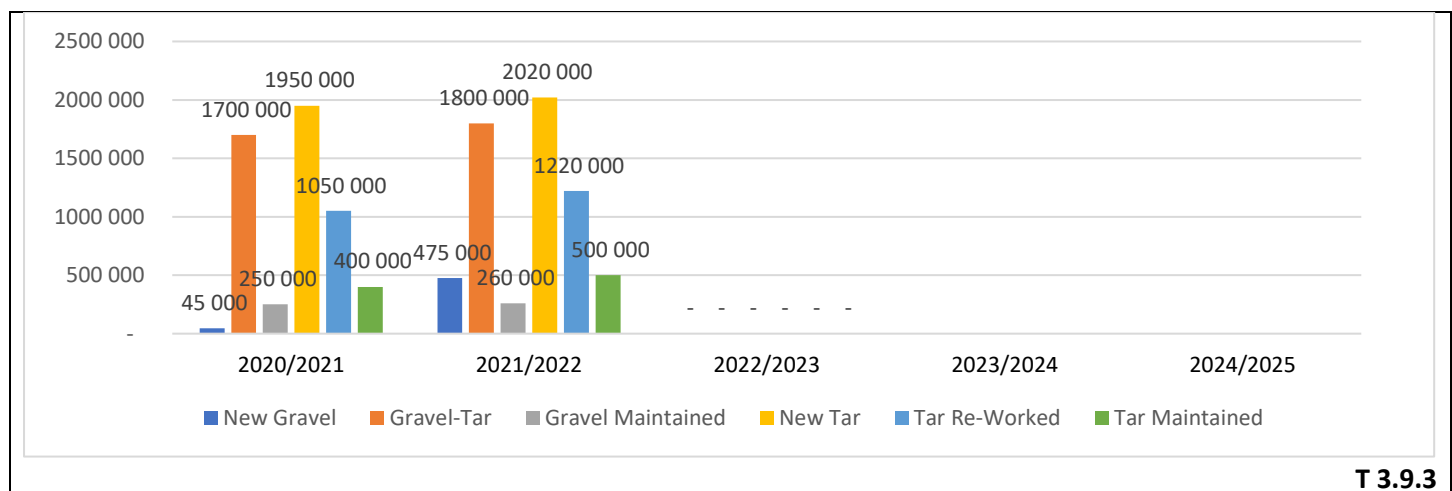
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	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2020/2021	85	10	23	18	100
2021/2022	98	14	25	15	120
2022/2023	114	20	30	25	140
2023/2024	114	0	0	3.3	373
2024/2025	120	0	0	0	315
T 3.9.2					

3.9.3 COST OF CONSTRUCTION AND MAINTENANCE

R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2020/2021	450	1 700	250	1 950	1 050	400
2021/2022	475	1 800	260	2 020	1 220	500
2022/2023	0	0	0	0	0	0
2023/2024	0	0	0	0	0	0
2024/2025	0	0	0	0	0	0
T 3.9.3						

3.9.4 ROAD INFRASTRUCTURE COSTS



3.9.5 EMPLOYEES: ROADS

Job Level	2023/2024			2024/2025		
0 - 3	1	1	1	0		0%
4 - 6	3	4	3	1		25%
7 - 9	13	19	13	6		32%
13 - 15	2	10	2	8		80%
16 - 18	23	55	21	34		62%
Total	42	89	40	49		55%
T 3.9.5						

3.9.6 FINANCIAL PERFORMANCE: ROADS

R'000

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Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-62 428	-62 428	-63 025	1%
Expenditure					
Employees	125	14 420	14 420	14 242	-1%
Repairs and Maintenance	25	7 424	6 924	4 373	-58%
Other	45	109 510	73 732	57 014	-29%
Total Operational Expenditure	195	131 354	95 076	75 629	-26%
Net Operational Expenditure	195	68 926	32 648	12 604	-159%
					T 3.9.6

3.9.7 CAPITAL EXPENDITURE: ROADS

						R' 000
Capital Projects	2024/2025					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
No capital projects for the year under review.						
						T 3.9.7

3.9.8 COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The division of roads and stormwater is readily prepared to work and implement towards achieving the set high goals and service delivery standards of the entire institution. The overall performance of the department is improving on a regular basis due to the increase of tools of trade and procurement of materials.					
					T 3.9.8

COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

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3.10 INTRODUCTION TO INTEGRATED DEVELOPMENT PLANNING, PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS

The Integrated Development Planning and Performance Management and Development Systems is in the Office of the Municipal Manager and is led by the Head: Integrated Development Planning and Performance Management Development Management Systems. The division is responsible for the following programmes:

- Integrated Development Plan
- Performance Management and Development Systems
- Intergovernmental Relations
- Administrative Support and Coordination

The strategic plan in local government is called the municipal Integrated Development Plan. The budgetary process is the provision of resources for the implementation of the strategy, whilst the Service Delivery and Budget Implementation Plan is the annual plan for implementation of the Integrated Development Plan.

The alignment between the municipal Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and the Performance Management and Development System is critical to ensure strategic alignment of programmes and projects with the strategy.

The Performance Management and Development System is monitoring the implementation of the Service Delivery and Budget Implementation Plan on a quarterly basis. The signing of the Performance Agreements by the Municipal Manager and the Section 56 Managers assures accountability for the implementation of the Integrated Development Plan.

The strategic priorities of the local municipality are based on the reviewed Integrated Development Plan 2023/2024. These priorities form the basis of developing the municipal objectives and outputs, indicators and targets reflecting the overall local municipal service delivery strategy. These priorities were equally informed by policy and planning directives emanating from national and provincial government.

After the approval of the Integrated Development Plan, the objectives of the departments were aligned with the strategy of the organisation. This was followed by a process of alignment of the programmes and projects of the business units within the departments with the departmental objectives.

Scorecards were drafted for the organization as well as for each department, which have informed the Service Delivery and Budget Implementation Plan and the Performance Agreements, creating a situation where all the activities and energy in the organisation were focused on achieving the organisational strategy.

The Service Delivery and Budget Implementation Plan is a key element in the process of service delivery, as it provides for the cascading of the strategic level-Integrated Development Plan and the Budget-to a level of implementation.

It therefore provides the basis for measuring performance in service delivery and spending of the budget against specific targets. A Service Delivery and Budget Implementation Plan 2024/2025 was compiled to guide the implementation of projects and the spending of funds and has been signed off by the Executive Mayor on 26 July 2024. Council also approved the Adjustment Service Delivery and Budget Implementation Plan on the 26 February 2025.

During the year under review, the Integrated Development Manager was seconded to the Office of the Executive Mayor to assist the Executive Mayor with the regard to:

- Developing and building relationships with employees, improving their efficiency in existing and new operations
- Communicating on behalf of the Office of the Executive Mayor regarding operational matters
- Serving as the liaison between Municipal Manager and Senior Managers and Executive Mayor regarding employee well-being, municipal climate and the success of programmes and proposals

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- Anticipating, addressing and resolving employee concerns in collaboration with the human resources department
- Collaborating with senior management leadership to determine and implement business strategies while also providing consultation for improvements
- Assisting with the planning, coordination and leading of meetings and workshops
- Assisting with inquiries from stakeholders and communities
- Developing action plans for the dissemination of information across the organisation
- Providing support to political and administrative leadership with implementing new ideas and processes
- Overseeing the daily operations of the Office of the Executive Mayor with the guidance of senior leadership and performing administrative tasks, including managing calendars, maintaining files, planning and coordinating annual meetings
- Working with leadership to measure team performance and provide tactical support to implement new ideas
- Overseeing initiatives from ideation to implementation
- Working with leadership to implement, monitor and present the progress of plans and goals
- Helping to identify and tackle core problems in business processes
- Providing political and administrative leadership with insight and analysis of the municipality's operations
- Assisting with risk assessment of new initiatives and business decisions

T 3.10

3.10.1 INTEGRATED DEVELOPMENT PLANNING, PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS SERVICE DATA

	Details	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2025/2026	2025/2026
		Actuals	Actuals	Actual	Actual	Target	Target	Target
1	Number of Integrated Development Planning Process Plan developed and approved	1	1	1	1	1	1	1
2	Number annual reports developed, submitted to AGSA, and tabled to council for adoption	1	1	1	1	1	1	1
3	Number of quarterly performance reports (Section 52(d)) developed and submitted to council	4	4	4	4	4	4	4
4	Number of Performance Management Systems Handbook reviewed and approved	1	1	1	1	1	1	1
5	Number of draft Integrated Development Plan document developed, reviewed, and approved	1	1	1	1	1	1	1
6	Number of Integrated Development Plan document developed, reviewed, and approved	1	1	1	1	1	1	1
7	Number of employee appraisals conducted	4	0	4	4	4	4	4
8	Number of Mid-year Budget and Performance Assessment Reports (Section 72 Reports)	1	1	1	1	1	1	1

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	developed and submitted to council							
9	Number of Service Delivery and Budget Implementation Plan developed and approved	1	1	1	1	1	1	1
10	Number of Adjusted Service Delivery and Budget Implementation Plan developed and approved	1	1	1	1	1	1	1
11	Number of Risk Registers developed and submitted	4	0	4	4	4	4	4
12	Number of progress report on the implementation of Audit Action Plan	3	3	3	3	3	3	3
13	Percentage internal and external audit queries responded to and addressed	100%	100%	100%	100%	100%	100%	100%

T 3.10.1

3.10.2 EMPLOYEES: INTEGRATED DEVELOPMENT PLANNING, PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS

Job Level	2023/2024		2024/2025		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	1	1	1	0	0%
4 – 6	1	2	1	1	50%
7 – 9	2	2	2	0	0%
Total	4	5	4	1	20%

T 3.10.2

3.10.3 FINANCIAL PERFORMANCE: INTEGRATED DEVELOPMENT PLANNING, PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 894	4 283	4 283	4 154	129
Expenditure:					
Employees	2 357	2 592	2 592	2 514	78
Repairs and Maintenance	-	-	-	-	-
Other	1 537	1 691	1 691	1 640	51
Total Operational Expenditure	3 894	4 283	4 283	4 154	129
Net Operational Expenditure	-	-	-	-	-

T 3.10.3

3.10.4 COMMENT ON INTEGRATED DEVELOPMENT PLANNING, PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEMS OVERALL

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The division is implementing all its programmes and projects as identified in the Integrated Development Plan and as per the approved Integrated Development Review Process Plan. As most of the programmes and projects are driven by legislation with specific timeline, the division sometimes does not meet the required timeframes due to late submission by relevant department.

Since the introduction of reporting only on the Top-Layer Service Delivery and Budget Implementation Plan, the municipality audit opinion on the audit of predetermined objectives have regressed to a disclaimer opinion. This is brought about by non-submission of accurate, valid and complete portfolio of evidence and well as useful and reliable performance information.

The other important aggravating reason is the stoppage of the electronic performance management and development system since 2018/2019 financial year, which has also contributed to regression in the submission of inconsistent reported performance information against the planned performance information.

To address these challenges, the municipality has developed and approved the Standard Operating Procedure For The Compilation And Storage of Performance Information-Portfolios of Evidence on the Service Delivery and Budget Implementation Plan And Operational Plan.

These standard procedures together with the reintroduction of the electronic performance and management development systems will assist the municipality in submitting relevant, accurate, useful, reliable and accurate performance information timeously as required by legislation

T 3.10.4

3.11 INTRODUCTION TO PROJECT MANAGEMENT UNIT

The Project Management Unit division as required by the Division of Revenue Act is responsible for the management of the Municipal Infrastructure Grant and other conditional grants through the implementation of the capital projects. The Project Management Unit function is in alignment with the principles and objectives underpinning the design of the programme as contained in the Municipal Infrastructure Grant Policy Framework.

The municipality confirms that the establishment processes, as well as the operational outcomes of the Project Management Unit has and will:

- Acknowledge and adhere to all aspects as required by the Division of Revenue Act including all principles, objectives, sector conditions and outcomes contained within the Municipal Infrastructure Grant guideline document and the Municipal Infrastructure Grant policy Framework documents.
- Ensure adherence to the labour-intensive objectives as detailed in the Expanded Public Works Programme Framework document and to develop Setsoto into a unified viable and progressive municipal that serves the needs of its people in a responsible, economic and sustainable manner.
- Ensure the integration of the Municipal Infrastructure Grant Programme and the other non-MIG funded programme within the framework of the Municipality pre-existing Integrated Development Plan.
- Ensure the alignment of the approaches and processes of existing and new infrastructure programme to those of Municipal Infrastructure Grant.

Part of the Project Management Unit functions is to provide project management in the implementation of all capital projects within the municipality in line with the IDP and to provide professional support towards operational and maintenance of the existing infrastructure within the jurisdiction of the municipality.

T 3.11

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3.11.1 PROJECT MANAGEMENT UNIT SERVICE DATA

Outcome Number	PMUBS01				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
1Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		Implementation
			Adjusted Target		
			Target		Actual
	Weighting	6.75%	Quarter 1	Implementation	Implementation
			Quarter 2	Implementation	Implementation
			Quarter 3	1	
			Quarter 4		
Key Performance Indicator	Senekal WWTW Phase 1: Number of Wastewater Treatment Works Resuscitated in Senekal/Matwabeng				
Motivation for the adjustment					
Evidence	Completion certificate				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		None		
Outcome Number	PMUBS02				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		Implementation
			Adjusted Target		
			Target		Actual
	Weighting	12.96%	Quarter 1	Implementation	Implementation
			Quarter 2	Implementation	Implementation
			Quarter 3	1	Implementation
			Quarter 4		
Key Performance Indicator	Installation of the internal water and sewer reticulation services in Senekal/Matwabeng (Ext 07)				
Motivation for the adjustment					
Evidence	• Progress reports				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance.		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not met	Contractor underperforming		Continue monitoring and assist the contractor with the cession payment for material.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not met	Contractor underperforming		Continue monitoring and assist the contractor with the cession payment for material.		
Outcome Number	PMUBS03				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		Implementation
			Adjusted Target		
			Target		Actual
	Weighting	21.31%	Quarter 1	Implementation	Implementation
			Quarter 2	Implementation	Implementation
			Quarter 3	Implementation	Implementation
			Quarter 4	Implementation	Implementation
Key Performance Indicator	Senekal: Number of new central Water Treatment Works (WTW) (Civil works)				
Motivation for the adjustment					
Evidence	• Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		

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Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not met	Contractor underperforming		Continue monitoring and assist the contractor with the cession payment for material.		
Outcome Number	PMUBS03				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		Implementation
			Adjusted Target		
				Target	Actual
	Weighting	21.31%	Quarter 1	Implementation	Implementation
			Quarter 2	Implementation	Implementation
Quarter 3			Implementation	Implementation	
Quarter 4			Implementation	Implementation	
Key Performance Indicator	Senekal: Number of new central Water Treatment Works (WTW) (Civil works)				
Motivation for the adjustment					
Evidence	• Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Outcome Number	PMUBS04				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		Implementation
			Adjusted Target		
				Target	Actual
	Weighting	12.15%	Quarter 1	Implementation	Implementation
			Quarter 2	Implementation	Implementation
Quarter 3			Implementation	Implementation	

Key Performance Indicator	Senekal: Number of new central Water Treatment Works (WTW) (M&E)				
Motivation for the adjustment					
Evidence	• Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Outcome Number	PMUBS05				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		1
			Adjusted Target		
				Target	Actual
	Weighting	12.96%	Quarter 1	Procurement	Implementation
			Quarter 2	Implementation	Implementation
			Quarter 3	Implementation	Implementation
			Quarter 4	Implementation	Implementation
Key Performance Indicator	Number of raw water abstraction pumpstation in Cyferfontein (Civil works)				
Motivation for the adjustment	The targets remain the same				
Evidence	• Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		

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Outcome Number	PMUBS07				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Procurement
			Original Annual Target		Implementation
			Adjusted Target		
				Target	Actual
	Weighting	4.10%	Quarter 1	Procurement	Procurement
			Quarter 2	Procurement	Procurement
			Quarter 3	Implementation	Procurement
Quarter 4			Implementation	Procurement	
Key Performance Indicator	Number for resuscitation of WWTW in Ficksburg				
Motivation for the adjustment	The targets remain the same				
Evidence	• BMR				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not met	BEC report submitted to BAC chairperson for their recommendation		Extension of validity period has been sent to the bidders.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not met	Application for BMR from DWS				
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not met	Application for BMR from DWS		Will issue the appointment to the contractor once received the BM approval		
Outcome Number	PMUBS08				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		Procurement
			Original Annual Target		Implementation
			Adjusted Target		
				Target	Actual
	Weighting	4.25%	Quarter 1	Procurement	Procurement
			Quarter 2	Procurement	Procurement
			Quarter 3	Implementation	Procurement
Quarter 4			Implementation	Procurement	

Key Performance Indicator	Reconstruction of the Laaispruit Dam Wall in Marquard Moemaneng.				
Motivation for the adjustment					
Evidence	WULA				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not met	Waiting for the WULA from DWS before the appointment of the contractor		Continue monitoring procurement processes.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not met	Waiting for the WULA from DWS before the appointment of the contractor		Continue monitoring procurement processes.		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not met	WULA from DWS received. The BSC concluded. SCM to advertise.		Continue monitoring procurement processes.		
Outcome Number	PMUBS11				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Electricity, Energy Efficiency and Renewable Energy		Baseline Indicator		Procurement
			Original Annual Target		1
			Adjusted Target		Implementation
				Target	Actual
	Weighting		1.15%		
			Quarter 1	Procurement	Procurement
			Quarter 2	Procurement	Procurement
			Quarter 3	Implementation	Implementation
		Quarter 4	Implementation	Implementation	
Key Performance Indicator	Ficksburg/ Meqheleng: Installation of high mast lights				
Motivation for the adjustment	Negotiations to revise the bid offers to the approved BMR values approved.				
Evidence	Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not met	Delayed procurement		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not met	Delayed procurement		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Outcome Number	PMUB06				

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Outcome Number	PMUBS12				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Roads and Stormwater Infrastructure		Baseline Indicator		Implementation
			Original Annual Target		1
			Adjusted Target		
				Target	Actual
	Weighting	3.32%	Quarter 1	Implementation	Implementation
			Quarter 2	Implementation	Implementation
			Quarter 3	Implementation	Terminated
Quarter 4			1	Procurement	
Key Performance Indicator	Ficksburg: Number of 1,5km of roads surfaced and stormwater drainage rehabilitated				
Motivation for the adjustment					
Evidence	BMR				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not met	Contractor terminated		Tender readvertised		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Outcome Number	PMUBS13				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Roads and Stormwater Infrastructure		Baseline Indicator		Design Report
			Original Annual Target		Implementation
			Adjusted Target		1
				Target	Actual
	Weighting	5.14%	Quarter 1	Procurement	Implementation
			Quarter 2	Implementation	Implementation
			Quarter 3	Implementation	Implementation

Key Performance Indicator	Marquard/ Moemaneng: Number of 2km of roads surfaced and stormwater drainage constructed				
Motivation for the adjustment					
Evidence	Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Outcome Number	PMUBS14				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Roads and Stormwater Infrastructure		Baseline Indicator		Procurement
			Original Annual Target		Implementation
			Adjusted Target		1
				Target	Actual
	Weighting	5.14%	Quarter 1	Procurement	N/A
			Quarter 2	Procurement	Procurement
			Quarter 3	Implementation	Implementation
		Quarter 4	Implementation	Implementation	
Key Performance Indicator	Senekal/ Matwabeng: Number of 2km of roads surfaced and stormwater drainage constructed				
Motivation for the adjustment					
Evidence	Progress report				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		

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Outcome Number	PMUBS15				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Sports and Recreation		Baseline Indicator		Procurement
			Original Annual Target		1
			Adjusted Target		
				Target	Actual
	Weighting	0.35%	Quarter 1	N/A	Procurement
			Quarter 2	Procurement	Procurement
			Quarter 3	Implementation	Implementation
			Quarter 4	Implementation	1
Key Performance Indicator	Clocolan/Hlohlolwane: Upgrading of Sport and Recreational Facility				
Motivation for the adjustment					
Evidence	Progress report and Practical completion certificate				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target NOT met	Delayed SCM processes		Submission of procurement plan to SCM		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target met	None		Continue monitoring		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		

3.11.2 EMPLOYEES: PROJECT MANAGEMENT UNIT

Job Level	2023/2024		2024/2025		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	2	2	2	0	0%
4 – 6	2	2	2	0	0%
13 – 15	1	1	1	0	0%
Total	5	5	5	0	0%
T 3.11.2					

3.11.3 FINANCIAL PERFORMANCE: PROJECT MANAGEMENT UNIT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure					
Employees		2 736	2 736	2 736	0
Repairs and Maintenance		0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	2 685	2 736	2 736	2 736	0
Net Operational Expenditure	2 685	2 736	2 736	2 736	0
T 3.11.3					

3.11.4 COMMENT ON PROJECT MANAGEMENT UNIT OVERALL

The Project Management Unit plays a pivotal role in implementing capital infrastructure projects funded through conditional grants, such as the Regional Bulk Infrastructure Grant, Water Services Infrastructure Grant, and Municipal Infrastructure Grant.

Key Achievements

The Project Management Unit has successfully completed several significant capital projects aimed at addressing critical challenges related to water and sanitation. The Project Management Unit has also provided vital support to other municipal projects, primarily in the areas of:

- Operation and maintenance of water and sanitation systems.
- Improvement and upkeep of road infrastructure.

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Moreover, the unit has achieved a notable improvement in its audit opinion on capital projects for the 2024/2025 financial year, reflecting enhanced efficiency and accountability in project execution.

T 3.11.4

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3.12 INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT, TOURISM, SPORT AND RECREATION

Like all municipalities in the Republic of South Africa, Setsoto Local Municipality plays a key responsibility that of creating a conducive environment for economic growth and development. Deriving from its Vision statement, the Municipality is leader in promotion of local economic development and tourism.

Setsoto local municipality have a strong comparative advantage within the following growth sectors: agriculture, construction, tourism, and manufacturing. This logically impels the municipality to put all its efforts on leveraging on these sectors.

Setsoto promotes local economic empowerment through implementation of the Expanded Public Works Programme and by outsourcing for procurement of services and good. Employment is further targeted through Small Medium Macro Enterprise development, and these have a potential of creating job opportunities.

The purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. Local economic development can further be explained as a process by which public, business, and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Job creation and eradication of poverty remain some of the highest priorities for South Africa. The problem, however, remains that job creation is occurring in the secondary and tertiary industries, while many people lack the necessary skills and education to benefit from this.

Setsoto municipality has approved and adopted its reviewed Local Economic Development Strategy in May 2023. The municipality has identified that a specific programme targeting Small Medium Macro Enterprise development, such as Contractor Development Programme need to be developed to maximise their potential to create job opportunities.

The Local Economic Development, Tourism, Sport and Recreation Division is inspired by an outcome-driven approach which focuses on the following interventions:

- Investment promotion and business support
- Property and infrastructure development
- Municipal procurement and public-works support
- Small and micro enterprise support including support for the informal sector and
- Support for tourism development initiatives and sports activities

T 3.12

3.12.1 SERVICE STATISTICS: LOCAL ECONOMIC DEVELOPMENT, TOURISM, SPORT AND RECREATION

	Details	2021/2022		2022/2023		2023/2024	2024/2025	2025/2026
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of office Walk-Ins by Small Medium Macro Enterprises, Street Traders, Cooperatives, and Non-Profit Organisations, Non-Governmental Organisations for assistance, advice, referrals for financing, skills development, and registrations.	200	347	200	277	300	320	350
2	Number of Entrepreneurs capacitated through trainings; workshops; awareness campaigns; roadshows, information sharing sessions and seminars conducted	80	662	200	447	450	480	500

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3	Number of Informal Trade Plan and Management Policy Developed	1	0	1	0	1	1	1
4	Number of updated Vendor database	1	1	1	1	2	2	2
5	Number of site visits to projects conducted	18	22	18	24	24	24	24
6	Number of people assisted through Agricultural Development initiatives undertaken specifically targeting Youth and women [e.g. provision of agricultural inputs, provision of training, initiating new projects]	40	153	80	276	80	80	80
7	Number of databases for Arts and Crafters updated	1	1	1	1	1	1	1
8	Number of updated tourism Establishments database	1	1	1	1	1	1	1
9	Number of Crafters assisted to participate in exhibitions and workshops	20	40	80	0	50	50	50
10	Market tourism activities in the municipality	3	3	3	2	3	3	3
11	Percentage of Business Licenses issued in terms of Business Licensing Act	100%	100%	100%	100%	80	200	200
12	Percentage of Hawker permits issued in terms of Business Licensing Act	100%	100%	100%	100%	80	300	300
13	Number of reports on Sports programmes implemented	1	1	1	2	2	N/A	N/A
T 3.12.1								

3.12.2 ECONOMIC ACTIVITY BY SECTOR

R '000			
Sector	2021/2022	2022/2023	2024/2025
Agric, forestry and fishing	179 082	179 082	179 082
Mining and quarrying	111	111	111
Manufacturing	44 450	44 450	44 450
Electricity/Water	7 929	7 929	7 929
Construction	2 769	2 769	2 769
Trade	117 394	117 394	117 394
Transport	22 848	22 848	22 848
Finance	118 939	118 939	118 939
Community	6 574	6 574	6 574
General Government	98 870	98 870	98 870
Other Producers	15 276	15 276	15 276
Total	614 242	614 242	614 242
T 3.12.2			

Source: Statistic South Africa Community Survey 2016

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3.12.3 ECONOMIC EMPLOYMENT BY SECTOR

Sector	2021/2022	2022/2023	2023/2024	Jobs 2024/2025
	No.	No.	No.	
Agric, forestry and fishing	70	70	70	70
Mining and quarrying	17	17	17	17
Manufacturing	68	68	68	68
Electricity/Water	12	12	12	12
Construction	56	56	56	56
Trade	175	175	175	175
Transport	43	43	43	43
Finance	54	54	54	54
Government, Community and social	190	190	190	190
Private Households	82	82	82	82
Total	767	767	767	767
T 3.12.3				

Setsooto Local Economic Development Database 2024

3.12.4 COMMENT ON LOCAL JOB OPPORTUNITIES

Municipal work opportunities report under the **Expanded Public Works Programme**, covering the period from July 2024 to June 2025. It outlines planned work opportunities across four project categories, with a **total target of 1,680 work opportunities**.

Breakdown by Project Category:

1. **Environmental Projects** – 237 opportunities
 - Cleaning and beautification
 - Door-to-door waste removal and cleaning of illegal dumping sites
2. **Social Projects** – 100 opportunities
 - In-service Training
 - Law Enforcement Programme
 - Plumbing Learnership
 - Graduate Programme
3. **Infrastructure Projects** – 161 opportunities
 - Road rehabilitation and stormwater works
 - Water treatment and reticulation projects
 - Sports facility upgrades
4. **Non-State Sector Projects** – 1 200 opportunities
 - Community Work Programme (**largest contributor**)

T 3.12.5

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3.12.6 JOBS CREATED DURING 2024/2025 BY LOCAL ECONOMIC DEVELOPMENT INITIATIVES THROUGH EXTENDED PUBLIC WORKS PROGRAMME COMMUNITY WORKS PROGRAM PROJECTS

Environmental Projects		Work Opportunities
Cleaning and beautification		131
Door to door waste removal and cleaning of illegal dumping sites		106
Total		237
Social Projects		Work Opportunities
In-service Training		30
Law enforcement Programme		33
Setsoto Plumbing learnership Programme		27
Setsoto Graduate Programme		10
Total		100
Infrastructure Projects		Work Opportunities
Rehabilitation of 1.5 surfaced road and stormwater		16
Construction of WTW in Senekal		45
Installation of the internal water and sewer reticulation in Senekal		12
Construction of WTW in Clocolan		07
Construction of the Cyferfontein abstraction works		27
Resuscitation of WTW in Senekal		09
Marquard/Moemaneng rehabilitation of 2km surfaced roads and stormwater		20
Clocolan upgrading of sports facility		07
Senekal rehabilitation of 21km surfaced roads and stormwater		18
Total		161
Non-State Sector Projects		Work Opportunities
Community Work Programme		1 200
Total		1 200
Grand Total		1 680
T 3.12.6		

3.12.7 JOBS CREATED DURING THE YEAR THROUGH LOCAL ECONOMIC DEVELOPMENT INITIATIVES

Total Jobs created	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	Reports
2018/2019	0	0	0	
2019/2020	78	0	78	
2020/2021	0	0	0	
2021/2022	40	0	40	
2022/2023	0	0	0	
Tourism Safety Monitors 2022/2023	40	0	40	
2023/2024	69	0	69	
2024/2025	40	0	40	
T 3.12.7				

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3.12.8 EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT, TOURISM, ARTS AND CULTURE

Job Level	2023/2024		2024/2025		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	1	1	1	0	0%
4 – 6	1	3	1	2	67%
7 – 9	1	2	1	1	50%
Total	3	6	3	3	50%
T 3.12.8					

3.12.9 FINANCIAL PERFORMANCE: LOCAL ECONOMIC DEVELOPMENT, TOURISM, ARTS AND CULTURE

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-51	-132	-20	-127	535%
Expenditure:					
Employees	1 521	1 521	1 679	1 679	0%
Repairs and Maintenance	0	437	0	140	0%
Other	19	437	750	320	-57%
Total Operational Expenditure	1 540	1 961	2 429	1 998	-18
Net Operational Expenditure	1 591	1 829	2 409	1 871	-22%
T 3.12.9					

3.12.10 COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

The LED, Agriculture and Tourism Division has 12 targets of which 4 are focused mainly on MSME capacity building. On these four targets, the division performed well and has reached actuals far above the target. The division's successes are derived largely from the partnerships or good working relationships with different government stakeholders that has been fostered at the district, provincial and national levels. Key stakeholders amongst others are: DSBD, SEDA, SEFA, FDC, DESTEA, CoGTA, SALGA, TMDM and DALRRD.

Inter-Governmental Relations

The purpose of a system of intergovernmental relations is to promote co-operative decision making; to ensure the execution of policies through the effective flow of communication; to co-ordinate priorities and budgets across different sectors. Setsoto local municipality through its Local Economic Development, Tourism and Agriculture division is party to various inter-governmental relation structures with the Free State Provincial Department of Economic Development, Tourism and Environmental Affairs and Thabo Mofutsanyana District Municipality.

The relevance of these structures is to share research findings and information on latest trends in Local Economic Development Division programmes, reporting on projects' progress, investment opportunities, bilateral agreements, and mutual co-operation on projects.

The information obtained through our interactions with these partners, assist us to plan our intervention programmes as well as aligning them with provincial directives. Various databases of the SMME's have been compiled including one of all companies registered on Setsoto municipality's Supply Chain Management office. The Supply Chain Management office often ensures that when there are job opportunities, our SMME's are prioritised in order to benefit from such opportunities.

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Office Consultation Services

Through our Office Walk-Ins programme, the Local Economic Development division is able to conduct needs analysis and collation process whereby SMME's provide needs that require immediate and urgent response by the municipality. The needs range from procurement processes, access to funding, request for land, interventions by provincial government, marketing, and capacity building needs.

For the year under review, a total of 838 entrepreneurs has walked into our offices and were assisted and provided with relevant information.

Workshops/Trainings

The LED division with the assistance of stakeholders like SEDFA, FDC and DESTEA, have managed to provide skills development to a total of 785 entrepreneurs. We were fortunate to have Coca-Cola Beverages South Africa taking part in the training of, mostly Tuckshop Owners, including youth on **"Grow My Business"**. The division also provided unique **"Crop Production"** trainings in agriculture to 493 people which were small scale farmers including youth. This was achieved with the support of various stakeholders e.g. Department of Agriculture and Department of Land Reform and Rural Development.

Challenges of Local Economic Development

- The need to address limited access to economic opportunities.
- How to boost the small business ecosystem by providing a more friendly business environment.
- Funding and Projects to foster a more inclusive and resilient economy.
- Foster a culture of innovation and a vibrant entrepreneurial community within the municipality.
- Access to Finance – Startups Collaborate with the Private Sector and Government Departments to establish a start-up fund.
- Lack of infrastructure for Entrepreneurs within the four towns of Setsoto municipality.
- Access to services of SEDFA.
- Intervention Partnership to ensure beneficiaries of the Pre-Tendering Training offered by SANRAL can participate in major roads constructions in the province.

T 3.12.10

3.12.11 MEASURES UNDERTAKEN TO ADDRESS THE UNDER PERFORMANCE

The municipality needs to undertake strategic measures to address lack of skills amongst the workforce to ensure that the skills for such demands are in abundance. The high demand of jobs can only be met through:

1. The Establishment of the Artisan and Skills Training Centre

The link between training and economic development is well known. Trained or skilled individuals are better able to access economic opportunities, which contributes to both their participation in and benefit from such opportunities. It is for this reason that the LED division will continue to pursue ways to create access to economic opportunities through advocating for the establishment of this centre.

Our initiatives are focused on the training and development space. Thus, for us the achievement of establishing the Artisan and skills training centre will be a catalyst in job creation and eradication of poverty for majority of our youth.

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2. Expansion of the retail sector

During the current financial year, Hungry lion in Ficksburg created an opportunity for the unemployed to access work opportunity while the establishment of Usave in Clocolan has assisted in reducing the local unemployment rate.

T 3.15.10

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COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.13 INTRODUCTION PARKS, CEMETERIES, SPORT AND RECREATION

The Parks, Cemeteries, Sport and Recreation division is a key service delivery component of Setsoto Local Municipality, mandated to manage, maintain, and develop public spaces and facilities that support the social, cultural, and physical wellbeing of communities. The division is responsible for the provision and maintenance of municipal parks, cemeteries, sports facilities, and recreational amenities, as well as the coordination and promotion of sport and recreation programmes across the municipality.

Some of the key objectives of the Parks, Cemeteries, Sport and Recreation Unit are to:

- Ensure the effective management and maintenance of municipal cemeteries to provide dignified, safe, and compliant burial services.
- Extend the lifespan of existing cemeteries through proper planning, controlled grave allocation, and environmental considerations.
- Maintain municipal parks, open spaces, and recreational areas to promote a clean, safe, and healthy environment.
- Develop, manage, and maintain sport and recreation facilities that are accessible and responsive to community needs.
- Promote participation in sport and recreation programmes, with particular focus on youth development and social cohesion.
- Support and strengthen local sports structures and clubs through partnerships and coordinated programmes.
- Encourage community involvement and public participation in the planning and implementation of sport and recreation activities.
- Ensure efficient utilisation of resources while complying with applicable legislation, policies, and National Treasury cost containment measures.

Through its functions, the unit contributes to community dignity, environmental sustainability, social cohesion, youth development, and the promotion of healthy and active lifestyles. The management of cemeteries ensures that burial services are conducted in a dignified, orderly, and culturally sensitive manner, while the maintenance of parks and open spaces enhances the aesthetic appeal of towns and creates safe recreational environments. The sport and recreation function focuses on facilitating access to sporting opportunities, supporting local clubs, and fostering talent development through partnerships with relevant stakeholders.

T 3.13

3.13.1 EMPLOYEES: PARKS, CEMETERIES, SPORT AND RECREATION

Job Level	2023-2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 – 3	0	1	1	0	0%
4 – 6	3	6	3	3	50%
7 – 9	3	8	3	5	63%
10 - 12	3	9	3	6	67%
13 - 15	17	27	15	12	44%
16 - 18	29	77	27	50	65%
Total	29	128	52	76	59%

T 3.13.1

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3.13.2 FINANCIAL PERFORMANCE: PARKS, CEMETERIES, SPORT AND RECREATION

					R'000
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-34 411	-1 248	-1 034	- 1 024	-1%
Expenditure					
Employees	7 869	16 580	17 280	16 629	-4%
Repairs and Maintenance	133	785	348	175	-50%
Other	1 152	15 735	20 147	11 650	58%
Total Operational Expenditure	9 154	33 100	37 775	28 454	-25%
Net Operational Expenditure	-25 256	31 852	36 741	27 430	-25%
					T 3.13.2

3.13.3 COMMENT ON THE PERFORMANCE OF PARKS, CEMETERIES AND SPORTS OVERALL

Most cemeteries within the municipal area have reached full capacity, while some cemeteries are affected by high underground water levels. This presents a serious challenge, as even previously reserved graves cannot be utilized.

As a result, the municipality is compelled to develop new cemetery particularly in Marquard. The process to develop the new cemetery is currently in processes with significant progress being made. Despite significant operational and environmental challenges, the Parks and Cemetery Management division continued to deliver essential services to the community during the reporting period.

One of the key focus areas was the ongoing management of municipal cemeteries under increasingly constrained conditions. The unit responded to the challenge of limited burial space, high underground water levels, and difficult soil conditions by ensuring dignified burial services through careful grave allocation, advance excavation, and the use of appropriate machinery where manual digging was not feasible.

The unit also maintained existing cemetery infrastructure, ensured compliance with health and safety standards, and supported bereaved families during burials. In addition, the unit remained committed to the maintenance and upkeep of municipal parks and open spaces.

Routine grass cutting, cleaning of public spaces, and basic landscaping were undertaken to promote a safe, clean, and aesthetically pleasing environment for residents. Operating under tight budget constraints, the unit maximised available resources through improved planning, prioritisation of critical activities, and coordination with other municipal departments. The dedication of staff ensured continuity of services while addressing community needs with professionalism and sensitivity.

Sports and Recreation Offices were able to deliver sports development to the community through partnership with local sports and recreation council and other stakeholders. With participation of relevant stakeholders, the office was able to organise, coordinate and provide facilities for sports activities, competitions, and programmes.

In all the towns that makes up Setsoto Local Municipality, Sports and Recreation Office has been challenged with initiating sports activities due to the following financial constraints, lack of participation due to partially existing sports council, lack of equipment to that will fully accommodate sporting codes for the development of sports.

During 2024/2025 financial year, sports and recreation office with limited budget assist few sports participants and sport teams across the municipality. The said office managed to assist local teams to participate in the local O.R Tambo Games whereby we were to select teams that would represent Setsoto Local Municipality at regional games. With the challenges that were faced, one netball team managed progress to the regional O.R Tambo Games.

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As part of support into the development of sports, Setsoto Local Municipality also entered Memorandum of Understanding between local teams that participate in South African Football Association Regional League. Memorandum of Understanding was entered between then following teams:

- Mountain Eagles Football Club in Meqheleng
- Golden Warriors Football Club in Meqheleng
- Royal Football Club in Hlohlolwane
- Clocolan Academy Football Club in Hlohlolwane

All the mentioned teams participate in South African Football Association Regional League and the only team that participate in ABC Motsepe League is Dynamos FC from Moemaneng.

T3.13.3

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COMPONENT E: SECURITY, SAFETY AND PROPERTY MANAGEMENT

3.14 INTRODUCTION TO SECURITY SERVICES

The mandate of the Security Division is to ensure safety of municipal employees and property by means of access control to municipal buildings, implement security measures in the form of counterintelligence and to represent the municipality at broad security forums and participate in all security related matters of local, provincial and national interest. Facilities management section ensures that facilities are maintained to be at the required standard which will enhance the life span off such facilities.

T 3.14

3.14.1 SERVICE STATISTICS: SECURITY SERVICES AND PROPERTY MANAGEMENT

	Details	2021/2022		2022/2023		2023/2024	2024/2025	2025/2026	2026/2027
		Target	Actuals	Target	Actuals	Target	Target	Target	Target
1	Number of employees submitted for vetting (Security Clearance)	8	10	8	10	10	10	10	10
2	Number of Security Managers Forum meetings attended	4	4	4	0	4	4	4	4
3	Number of properties provided with security	25	33	25	37	25	25	25	25
4	Percentage of Section 4 meetings held	100%	100%	100%	100%	100%	100%	100%	100%
5	Number of maintenance plan developed and approved	1	1	1	1	1	1	1	1
6	Percentage of properties maintained and repaired	100%	100%	100%	100%	100%	100%	100%	100%
7	Number of Disaster Management Fora meeting attended	2	9	4	07	4	4	4	4
8	Number of fire Clearance Certificate issued	3	0	40	38	40	200	200	200
9	Number of Fire Breaks conducted	20	30	46	15	46	50	80	80
10	Number of Public Awareness Campaigns on Public Safety Conducted	12	12	12	22	12	12	12	12
11	Number of Disaster Management Plan reviewed	1	1	1	1	1	1	1	1

T 3.14.1

3.14.2 EMPLOYEES: SECURITY SERVICES

Job Level	2023/2024	2024/2025			
	No of Employee	Post	No of Employee	Vacancies (Fulltime Equivalents)	Vacancies (as a % of total posts) %
0-3	0	1	0	1	100%
4-6	0	2	0	2	100%
7-9	29	29	29	0	0%
10-12	1	1	1	0	0%
13-15	0	0	0	0	0%
16-17	0	0	0	0	0%
Total	30	33	30	3	9%

T 3.14.2

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3.14.3 FINANCIAL PERFORMANCE: SECURITY SERVICES

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 420	0	0	0	0
Expenditure					
Employees	10 974	13 407	13 40	12 64	-6%
Repairs and Maintenance	693	57	8	7	-1%
Other	11 847	600	16 933	16 196	-0%
Total Operational Expenditure	23 515	19 473	30 348	28 845	-5%
Net Operational Expenditure	8 095	19 524	30 414	28 846	-97%
T 3.14.3					

3.14.4 COMMENT ON THE PERFORMANCE OF SECURITY SERVICES AND PROPERTY MANAGEMENT OVERALL

In response to ongoing threats such as vandalism, theft, and the need to protect municipal infrastructure and public assets across all four towns, Setsoto Local Municipality maintained and expanded its security framework during the reporting period through appointment of contracted security services, installation of alarms and cameras.

T 3.14.4

3.15 INTRODUCTION TO TRAFFIC MANAGEMENT, DISASTER MANAGEMENT AND FIRE FIGHTING SERVICES

The objective and function of the Public Safety Division is law enforcement in respect of the National Road Traffic Act and Municipal Bylaws. The safety of all road users is paramount in the approach to Road Safety and operations. Vehicle fitness is part of the division strategy to ensure roadworthiness of motor vehicles.

The division ensures that all road users abide by National Road Traffic Acts and Regulations, also ensuring that road markings, road traffic signs are done and clearing of any impediments to road markings are dealt with. The Fire Brigade Service main objective is to save lives, protect property, conduct awareness and to provide relief during and or after the incident of fire had occurred.

The municipality has a Memorandum of Understanding with Imperani Fire Association to work hand in glove during fire incidents especially felt fire incidents. The Disaster Management function is to coordinate effective response, recovery, rehabilitation, risk assessment, institutional arrangements, and measure of mitigation in relation to Disaster Management incidents.

Fire Services is currently utilizing the Traffic Officers, Working on Fire Team, Disaster Coordinator and Senior fire Officer to fight the fire on ad hoc basis. Equipment is obsolete so that it does not meet the required standard to fight fire and does not even measure the turnaround time as required.

T 3.15

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

3.15.1 SERVICE STATISTICS: TRAFFIC MANAGEMENT, DISASTER MANAGEMENT AND FIRE SERVICES

	Details	2021/2022		2022/2023		2023/2024	2024/2025	2025/2026
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of traffic operational plans compiled and approved	1	1	1	1	1	1	1
2	Number of roadblocks conducted	8	16	14	20	40	20	20
3	Percentage on traffic fines issued	100%	100%	100%	100%	400	100%	100%
4	Percentage on point duty and escorts performed	100%	100%	100%	100%	100%	100%	100%
5	Percentage of Rand Received from Escorts Performed	100%	100%	100%	100%	100%	100%	100%
6	Percentage of Emergencies Incidents Reported and attended to	100%	100%	100%	100%	100%	100%	100%
7	Number of Public Awareness Campaigns on Public Safety Conducted	12	12	12	22	12	12	12
8	Number of Disaster Management Fora meeting attended	2	9	4	07	4	4	4
9	Number of fire Clearance Certificate issued	3	0	40	38	200	200	200
10	Number of Fire Breaks conducted	20	30	46	15	80	80	80
11	Number of Disaster Management Plan reviewed	1	1	1	1	1	1	1
T 3.15.2								

3.15.2 EMPLOYEES: TRAFFIC MANAGEMENT, DISASTER MANAGEMENT AND FIRE SERVICES

Job Level	2023/2024	2024/2025			
	No of Employee	No of Posts	No of Employees	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	2	4	2	2	50%
4-6	3	4	3	1	25%
7-9	10	33	10	23	70%
13-15	0	30	0	30	100%
Total	15	71	15	57	79%
T 3.15.2					

3.15.3 FINANCIAL PERFORMANCE: TRAFFIC MANAGEMENT, DISASTER MANAGEMENT AND FIRE SERVICES

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-10 596	-26 520	-184 568	-119 324	-35%
Expenditure					
Employees	10 219	11 956	12 015	10 84	-10%
Repairs and Maintenance	21	10	28	392	1303%
Other	375	305	431	276	-36%
Total Operational Expenditure	10 617	12 271	12 474	11 50	-8%
Net Operational Expenditure	19 857	-13 249	-172 094	-107 81	-37%
T 3.15.3					

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COMPONENT G: CORPORATE OFFICES AND OTHERS

3.16 FINANCIAL SERVICES

The Department is linked to the Integrated Development Plan's objectives through the Key Performance Area of Financial Management. The Department is responsible to provide effective and efficient financial assistance to management and council. This report reflects the performance of the Department for the year 2024/2025.

T 3.16

3.16.1 INTRODUCTION TO FINANCIAL REPORTING AND BUDGET

The Section is linked to the Integrated Development Plan's objectives through the Key Performance Area of Financial Management to:

- Provide budget support to the municipality.
- Provide reporting support to the municipality and its steering committees; and
- Advising the accounting officer and chief financial officer on financial related matters

In this report, a financial snapshot was conducted to assess the financial performance for the financial year 2024/2025. The actual organisational performance will be measured within the service delivery and budget implementation plan for the reporting period, where performance is to be examined against predetermined and defined key performance areas.

T 3.16.1

3.16.2 EMPLOYEES: BUDGET AND REPORTING

Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	4	3	1	25%
4 - 6	0	2	0	2	100%
7 - 9	1	2	0	2	100%
Total	3	8	3	5	63%

T 3.16.2

3.16.3 FINANCIAL PERFORMANCE: BUDGET AND REPORTING

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13 011	11 536	9 478	10 297	-12%
Expenditure:					
Employees	3 622	4 082	4 082	3 835	-6%
Repairs and Maintenance	0	0	0	0	0%
Other	0	1 765	3 263	3 203	45%
Total Operational Expenditure	3 622	5 847	7 345	7 038	17%
Net Operational Expenditure	-9 389	-5 689	-2 133	-3 259	-75%

T 3.16.3

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3.16.4 COMMENT ON FINANCIAL REPORTING AND BUDGETING PERFORMANCE OVERALL

The section consistently delivered beyond expectations, most notably through the successful compilation of the Annual Financial Statements for 2021/2022, 2022/2023, 2023/2024, and 2024/2025. This achievement, sustained over four consecutive years, resulted in the Municipality receiving Unqualified Audit opinions each year.

T 3.16.4

3.17 INTRODUCTION TO REVENUE MANAGEMENT

The Revenue Division is linked to the Integrated Development Plan Objective through the Key Performance Area of Financial Viability and Management. The Division is responsible to provide effective and efficient Revenue Management and comprises of three sections in line with the key focus areas, namely Billing Services, Credit Control and Indigent Management and Counter Services that comprises of Cashiers and Customer Care. This report reflects the performance of the Division for the year 2024/2025.

T 3.17

3.17.1 DEBT RECOVERY

Details of the types of account raised and recovered	2023/2024		2024/2025			2025/2026	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Budget	Actual for accounts billed in year	Proportion of budget of accounts billed %	Estimated outturn for accounts billed in year	Proportion of budget of accounts billed %
Property Rates	76 749	96%	94 047	100 519	107%	103 534	102%
Electricity – Band C	110 769	98%	137 969	89 729	91%	92 420	95%
Water – B and C	72 080	107%	130 688	106 833	82%	110 038	95%
Sanitation	41 708	101%	44 722	43 692	98%	45 003	100%
Refuse	54 253	101%	71 468	70 514	99%	73 612	100%
Other	-	0%	-			-	0%
T 3.17.1							

3.17.2 EMPLOYEES: REVENUE MANAGEMENT

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	2	4	3	1	25%
4 - 6	3	9	3	6	67%
7 - 9	25	35	22	13	37%
10 - 12	6	13	5	8	62%
Total	32	61	33	28	46%
T 3. 17.2					

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3.17.3 FINANCIAL PERFORMANCE: REVENUE MANAGEMENT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-142 386	-15 694	-28 355	-14 382	13 973
Expenditure					
Employees	10 198	11 425	11 425	11 376	-49
Repairs and Maintenance	0	0	0	0	0
Other	40 220	4 633	7 105	6 993	-112
Total Operational Expenditure	50418	16 058	18 530	18 369	-161
Net Operational Expenditure	91 968	364	-9 825	3 987	-13 812
T 3.17.3					

3.17.4 COMMENT ON REVENUE MANAGEMENT PERFORMANCE OVERALL

Monthly billing was done 12 times within the 2024/2025 financial year. The overall average collection rate was 43%. The payment rate is still not at the level that was anticipated

The payment rate is calculated on amounts billed and collected on the billed amounts. Prepaid sales are not part of this calculation. The payment rate reflects the non-payment of services in the townships, as the bulk of the levies off basic water, refuse, sewerage is for the townships with the larger number of sites.

The set target for Indigent registration was 8 000 and 8 055 Indigent Households were registered in the 2024/2025 Financial year. With the installation of the prepaid meters in Ficksburg, Senekal, Clocolan and Marquard electricity is purchased in advance and have a positive effect on daily cash flow.

This direct collection is not included in the calculation of the payment rate. From end January 2020 debt collection via the prepaid system was introduced. Where accounts with arrears 90 days or older an automatic deduction of 50% of prepaid purchases are allocated to the linked service accounts.

Despite a vacancy rate of 46% the overall performance of the Revenue Division was satisfactory. Positions still need to be filled of employees that resigned or passed away, as these real vacancies have a serious impact on the workload off the remaining employees. Critical positions should be filled as a matter of urgency.

New Valuation Roll was implemented successfully and the Valuation Appeal Board sat in May 2024. The number of appeals increased due to effective communication of the processes during the Roadshows to all the units.

Without regular monthly billing and collection of outstanding debt the municipality would not have been able to meet its commitments, which includes payment of salaries and other operational expenses. Debt Collection in the Townships are low, and serious interventions will have to be implemented in the 2025/2026 financial year. A panel of Debt Collectors/Litigators must be appointed for Clocolan, Marquard and Senekal, even though the tender had been advertised for three times only one compliant tenderer was found. A Service Provider was appointed for Ficksburg.

T 3.17.4

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3.18 INTRODUCTION TO SUPPLY CHAIN MANAGEMENT

Supply Chain Management Division is within the Treasury Department and is responsible for procurement of goods and services for municipality through the implementation of Supply Chain Management Policy, Supply Chain Management Regulations and all other relevant legislations.

T 3.18

3.18.1 EMPLOYEES: SUPPLY CHAIN MANAGEMENT

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.				
0 - 3	1	3	1	2	67%
4 - 6	2	4	2	2	50%
7 - 9	8	12	8	4	33%
13 - 15	0	2	0	2	100%
Total	11	21	11	10	48%

T 3.18.1

3.18.2 FINANCIAL PERFORMANCE: SUPPLY CHAIN MANAGEMENT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure					
Employees	2 229	2 359	2 359	2 076	283
Repairs and Maintenance	0	0	0	0	0
Other	128	647	705	150	555
Total Operational Expenditure	2 357	3 006	3 064	2 226	838
Net Operational Expenditure	2 357	3 006	3 064	2 226	838

T 3.18.2

3.18.3 COMMENT ON SUPPLY CHAIN MANAGEMENT PERFORMANCE OVERALL

Supply Chain Management Policy of the municipality was adopted by Municipal Council on 24 May 2024 in terms of Supply Chain Management Regulations. A total of twenty-six (26) bids were awarded during the financial year under review. The average turnaround time on the awarding of bids was four months from closing date to the appointment date. A total of two hundred and five (205) Formal Written Price Quotations (FWPQ) were awarded during the year under review. The average turnaround time on the awarding of FWPQ was 16 days from closing date to the appointment date.

T 3.18.3

3.19 INTRODUCTION TO ASSET MANAGEMENT

Management of the assets of the municipality, including the safeguarding and the maintenance of those assets. To ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality and that the municipality's assets are valued in accordance with standards of generally recognised accounting practice and that the municipality has and maintains a system of internal control of assets including an asset register as may be prescribed.

T 3.19

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

3.19.1 EMPLOYEE: ASSET MANAGEMENT

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	2	2	2	0	0%
7 - 9	5	8	5	3	38%
Total	7	10	7	3	30%
T 3.19.1					

3.19.2 FINANCIAL PERFORMANCE: ASSET MANAGEMENT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure					
Employees	1080	3 830	3 830	3 701	129
Repairs and Maintenance	0	150	5	0	5
Other	14 015	1 348	1 401	6 390	-4 989
Total Operational Expenditure	15 095	5 328	5 236	10 091	-4 856
Net Operational Expenditure	15 096	5 328	5 236	10 091	-4 856
T 3.19.2					

3.19.3 COMMENTS ON ASSET MANAGEMENT PERFORMANCE OVERALL

Most of the municipality's assets are aging and therefore there are serious backlogs in the delivery of basic services to the community since the municipality has financial constraints and only depending on grants. There is also a high rate of theft and vandalism that seems to be increasing daily.

T 3.19.3

3.20 INTRODUCTION TO EXPENDITURE MANAGEMENT

In terms of the Municipal Finance Management Act, Section 65 (c), the municipality must maintain a system of internal control in respect of creditors and payments to ensure that management and other personnel provide reasonable assurance regarding the achievement of objectives in economy, efficiency and effectiveness of operations and compliance with applicable laws, policies and regulations to accomplish a clean audit report.

Expenditure management is an ongoing function with the aim of improving creditor's efficiency by improving the percentage in respect of creditors paid within 30 days. Currently ninety six percent of all invoices are paid within thirty days. The Setsoto Local Municipality do experience a negative cash flow challenge that do have a direct impact on our payment rate in respect of creditors to be paid within thirty days.

The Municipality embarked constantly on revenue enhancement, expenditure reduction strategies to improve the cash flow challenge. Setsoto Local Municipality is one of the municipalities in the Free State Province that was able to pay the Eskom bulk and free basic electricity timeously since December 2022 resulting in no interest charges therefore no fruitless and wasteful expenditure. It also reflects positive on the image of the municipality in the community, suppliers, customers and governmental departments.

T 3.20

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3.20.1 EXPENDITURE MANAGEMENT SERVICE DATA

	Details	2023/2024	2024/2025		2025/2026	2026/2027	2027/2028
		Actual	Target	Actual	Target	Target	Target
1	Number of reports on the actual amount of cash on hand in terms of the Cash Flow forecast	12	12	12	12	12	12
2	Percentage of creditors paid within 30 days	84%	80%	96%	80%	80%	80%
3	Percentage of reconciled creditors	82%	80%	84%	80%	80%	80%
4	Number of cashbook (Expenditure) reports to council (Payments Made)	12	12	12	12	12	12
5	Number of insurance claims generated	12	12	12	12	12	12
6	Number of section 32 report submitted	12	12	12	12	12	12
7	Number of reports on Irregular, Fruitless and Wasteful Expenditure	12	12	12	12	12	12
8	Percentage of internal audit responded to in required time frame - 5 days	83%	100%	100%	100%	100%	100%
9	Number of credible Audit Recovery Plan for all unresolved internal audit queries	12	12	12	5	5	5
10	Percentage of IAU RFIs [relating to Expenditure Management Division] responded to on time [on/before due date and time]	87%	100%	100%	100%	100%	100%
11	Percentage of external audit queries [relating to Expenditure Management Division] responded to and addressed on time [5 working days]	100%	100%	87%	100%	100%	100%
12	Percentage of AGSA RFIs [relating to Expenditure Management Division] responded to on time [on/before the due date and time]	93%	100%	90%	100%	100%	100%
13	Number of expenditure reduction strategies developed	1	1	1	1	1	1
14	Number of bulk purchases reconciliation between the register and the GL/TB	12	12	12	12	12	12
15	Number of expenditure reduction strategies developed (For reporting to be incorporated into RES/CCS/LRS)	1	1	1	1	1	1
16	Number of Fruitless and Wasteful Expenditure Reduction Strategy developed and incorporated into the UIF Reduction Strategy	1	1	1	1	1	1
17	Number of reports / updates on Fruitless and Wasteful Reduction strategy	12	12	12	12	12	12
18	Number of RES / CCS / LRS reviewed	1	1	1	1	1	1
19	Number of reports on the implementation of the RES / CCS / LRS	12	12	12	12	12	12
20	Number of a credible EARP developed to address the root cause of audit exceptions raised by AGSA	1	1	1	1	1	1
21	Number of reports on the implementation of the EARP	5	5	5	5	5	5
22	Percentage of unresolved IAU which have an Audit Recovery Plan that addresses the root cause	100%	100%	100%	100%	100%	100%

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23	Number of monthly reports submitted to FINCOM from the Expenditure Management Division on/before the due date	12	12	12	12	12	12
24	Number of reports submitted to the CFO on the implementation of the Lower Level SDBIP on/before the due date	4	4	4	4	4	4
25	Percentage of FINCOM resolutions that have been implemented within the agreed upon time frame [Resolution Register]	100%	100%	100%	100%	100%	100%
26	Percentage of MAYCO resolutions that have been implemented within the agreed upon time frame [MAYCO Progress Report]	100%	100%	100%	100%	100%	100%
27	Percentage of MPAC resolutions that have been implemented within the agreed upon time frame [Resolution Register]	100%	100%	100%	100%	100%	100%
28	Percentage of municipal council resolutions that have been implemented within the agreed upon time frame [Council Progress Report]	100%	100%	100%	100%	100%	100%
29	Percentage of APAC resolutions that have been implemented within the agreed upon time frame [Resolution Register]	100%	100%	100%	100%	100%	100%
30	'Number of reports on MFMA sec. 116 (2) (b) [Report on Consultant's / Contractor's Performance Monitoring]	12	12	12	12	12	12
31	Number of updates on implementation of the Risk Register [risk relating to Expenditure Management Division]	4	4	4	4	4	4
32	Irregular, Fruitless and Wasteful and Unauthorised Expenditure/Total Operating Expenditure	N/A	N/A	N/A	1%	1%	1%
33	Trade Creditors Outstanding/Credit Purchases (Operating and Capital) x 365	N/A	N/A	N/A	30 Days	30 Days	30 Days
34	% of Financial Management Risk mitigated to acceptable level	N/A	N/A	N/A	100%	100%	100%
35	Number of reports submitted to Council	N/A	N/A	N/A	12	12	12
T 3.20.1							

3.20.2 EMPLOYEE: EXPENDITURE MANAGEMENT

Employees: Expenditure Management					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	2	3	2	1	33%
7 - 9	3	4	4	0	58%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total					
T 3.20.2					

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3.20.3 FINANCIAL PERFORMANCE: EXPENDITURE MANAGEMENT

Financial Performance: Expenditure Management					
					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	3060	3649	3649	2902	-26%
Repairs and Maintenance		3	3	1	-200%
Other	4463	4903	4903	4635	-6%
Total Operational Expenditure	7523	8555	5609	7538	-13%
Net Operational Expenditure	7523	8555	9261	7538	-13%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by</i>					
					3.20.3

3.20.4 COMMENTS ON EXPENDITURE MANAGEMENT PERFORMANCE OVERALL

The Municipality were not able to pay all suppliers within thirty days as required by Municipal Finance Management Act, Section 65 (e), but only ninety six percent was paid within thirty days. Challenges experienced is for suppliers to be tax compliant and to obtain statements from Small Micro Medium Enterprises as they do not have a proper financial software system and the reluctance of other suppliers to submit statements as well as the submission of tax-complaint invoices and end-users not signing for the receipt of goods and services

The recording of irregular, fruitless and wasteful expenditure is being done monthly and submitted to Municipal Public Accounts Committee through council for investigation in terms of Municipal Finance Management Act, 56 of 2003, Section 32. Insurance claims when submitted to the expenditure Division are also reported to the municipal broker to prevent losses. Municipality do achieve to pay the Eskom bulk and Free Basic Electricity accounts timeously preventing interest charges and therefore fruitless and wasteful expenditure

T 3.20.4

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3.21 CORPORATE SERVICES

3.21.1 INTRODUCTION TO HUMAN RESOURCES MANAGEMENT

During the financial year 2024/2025 the Human Resources Management Division was responsible with two functions which were Human Resources Management responsible for HR Administration, Benefits Administration, as well as Recruitment and Selection. The Health and Wellness function was responsible for Employee Wellness as well as Occupational Health and Safety.

T 3.21.1

3.21.2 HUMAN RESOURCES POLICY OBJECTIVE TAKEN FROM THE INTEGRATED DEVELOPMENT PLAN

Service Objectives	Outline Service Targets	2023/2024		2024/2025			2025/2026	2026/2027	
		Target	Actual	Target		Actual	Target		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Organisational Development and Transformation	Number of awareness sessions on Human Resources Management issues	4	4	4	4	5	4	4	4
Organisational Development and Transformation	Percentage of co-ordinated positions filled	100%	100%	100%	100%	100%	100%	100%	100%
Organisational Development and Transformation	Percentage of benefits administered	100%	100%	100%	100%	100%	100%	100%	100%
Organisational Development and Transformation	Percentage towards awareness made on Health and Wellness	4	4	100%	100%	100%	100%	100%	100%
Organisational Development and Transformation	Percentage of Wellness Programmes implemented	100%	100%	100%	100%	100%	100%	100%	100%
Organisational Development and Transformation	Percentage towards effectiveness of HRM Administration	100%	100%	100%	100%	100%	100%	100%	100%
Organisational Development and Transformation	Number of Divisional Meetings held	4	4	4	4	5	4	4	4
Organisational Development and Transformation	Number of performance agreements signed between HRM and Supervisors	N/A	N/A	N/A	2	2	2	2	2
Organisational Development and Transformation	Number of performance appraisals for all HRM Supervisors conducted	N/A	N/A	N/A	4	4	4	4	4
T 3.21.2									

T 3.21.2

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3.21.3 EMPLOYEES: HUMAN RESOURCES MANAGEMENT

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	3	3	3	0	0%
4 - 6	3	4	3	1	25%
7 - 9	4	10	4	6	60%
Total	10	17	10	7	41%
T 3.26.4					

3.21.4 FINANCIAL PERFORMANCE: HUMAN RESOURCES MANAGEMENT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 536	9 437	9 437	8 362	-13%
Expenditure:					
Employees	6 001	6 930	6 930	6 135	-13%
Repairs and Maintenance	0	0	0	0	0%
Other	534	2 458	2 458	1 781	-38%
Total Operational Expenditure	6 536	18 825	18 825	16 278	-16%
Net Operational Expenditure	0	9 388	9 388	7 916	-19%
T 3.21.4					

3.21.5 COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE MANAGEMENT OVERALL

During the financial year 2024/2025 the Human Resources Management Division exceptionally achieved to targets on the following targets:

- Number of awareness sessions on human resources issues; and
- Number of divisional meetings held.

A 100% achievement was attained on other targets. There were also new targets included during 2024/2025 relating to the performance management and these targets were also met.

T 3.21.5

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3.22 INTRODUCTION TO HUMAN RESOURCES DEVELOPMENT

The Human Resources Development Division derives its mandate from the Integrated Development Plan. Three top services that are rendered by the Human Resources Development Division are:

- To provide training for Skills Development
- Employment Equity
- To maintain discipline and sound Labour Relations

T 3.22

3.22.1 SERVICE STATISTICS FOR HUMAN RESOURCE DEVELOPMENT

Details	2022/2023	2023/2024	2024/2025	
	Actual	Actual	Target	Actual
Percentage to which planned WSP programmes are implemented and achieved	36%	92.25%	100%	100%
Number of approved Workplace Skill Plans	1	1	1	1
Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality Employment Equity Plan	2%	5.75%	5%	5%
Number of Employment Equity Reports submitted to Department of Employment and Labour	1	1	1	1
Percentage reduction in Disciplinary Hearings	30.75%	32.25%	25%	25%
Number of Local Labor Forum meetings held	2	4	4	4
T 3.22.1				

3.22.2 EMPLOYEES: HUMAN RESOURCE DEVELOPMENT DIVISION

Employees: Human Resource Development Division					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33%
4 - 6	1	3	2	1	33%
7 - 9	1	1	1	0	0%
Total	4	7	5	2	23%
T 3.26.4					

3.22.3 FINANCIAL PERFORMANCE: HUMAN RESOURCE DEVELOPMENT DIVISION

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 893	5 141	5 371	4 902	-5%
Expenditure					
Employees	3 764	5 081	5 186	4 749	-7%
Repairs and Maintenance	0	0	0	0	0%
Other	0	60	185	153	61%
Total Operational Expenditure	8 657	10 282	10 742	9 804	-5%
Net Operational Expenditure	8 557	10 282	10 742	9 804	44%
T 3.22.3					

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3.22.4 COMMENT ON PERFORMANCE OF HUMAN RESOURCE DEVELOPMENT OVERALL

The Human Resources Development Division has ensured that there are sound relationships with Government Departments, Local Government Sector Education and Training Authority and another Sector Education and Training Authorities’.

This enables the division to obtain strategic partnership with the sectors. These strategic partners provide funding to the programmes that are implemented in the institution. The type of the funding we receive come in the form of the Discretionary Grants that are utilized to implement Learnerships and Internships. These projects require capital but since we receive Grants, all the programmes that are implemented through those conditional grants.

The compilations of the Employment Equity Plan, Workplace Skills Plan, Annual Training Report, and Policy Development, which can be classified as the Capital Projects, are not outsourced as the Human Resource Development Division has the capacity to do the work internally.

Currently we rely on the Discretionary Grants, and we have secured funds from Sector Education and Training Authorities for implementation of Supply Chain Management Learnership and Graduate Internship Placement Programme and placement of Technical and Vocational Education Training students to acquire workplace experience at the municipality.

Non availability of the presiding officers and prosecutors due to work and South African Local Government Association commitments impact on the timeously finalisation of labour cases and disputes.

T. 3.22.4

3.23 INTRODUCTION TO ADMINISTRATION AND SUPPORT SERVICES

The Administration and Support Services Division is within the Corporate Services Departments and is responsible to provide an effective and efficient Administration and Support Services. It comprises of three sections in line with the key focus areas, namely Committee Services, Records and Archive Management as well as the Support Services which also includes the responsibility for Telecommunication and Reprographic Equipment Management, Office Cleaning Services as well as Reception Services. This report reflects the performance of the division for the year 2024/2025.

T 3.23

3.23.1 ADMINISTRATION AND SUPPORT SERVICES DATA

Details		2021/2022	2022/2023	2023/2024	2024/2025	
		Actual	Actual	Actual	Target	Actual
1	Percentage of planned Records Management Activities implemented	100%	60%	100%	100%	100%
2	Percentage of planned Committee Services Activities implemented	83%	100%	100%	100%	100%
3	Percentage of planned Telecommunication and Reprographic related activities implemented.	83%	80%	100%	100%	100%
4	Percentage of planned activities in respect of cleaning services implemented	80%	80%	100%	100%	100%
5	Percentage of Planned Activities implemented towards the development and/or review of Bylaws / Administration Policies	75%	100%	100%	100%	100%
T 3.23.1						

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3.23.2 ADMINISTRATION AND SUPPORT SERVICES POLICY DIRECTIVE TAKEN FROM THE INTEGRATED DEVELOPMENT PLAN

Service Objectives	Outline Service Targets	2023/2024		2024/2025			2025/2026	2026/2027	
		Target	Actual	Target		Actual	Target		
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Promoting Good Governance, Transparency and Accountability	Number of Admin and HR Meetings Co-ordinated	7	8	8	7	7	8	8	8
	Number of Mayoral Committee Meetings Co-ordinated	7	8	8	7	5	4	4	4
	Number of Council Meetings Co-ordinated	4	14	14	4	14	4	4	4
T 3.23.2									

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3.23.3 EMPLOYEES: ADMINISTRATION AND SUPPORT SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	1	1	1	0	0%
4 - 6	2	3	3	0	0%
7 - 9	3	9	5	4	44%
10 - 12	5	5	4	1	20%
13 - 15	10	17	10	7	41%
Total	21	35	23	12	34%
T 3.23.3					

3.23.4 FINANCIAL PERFORMANCE: ADMINISTRATION AND SUPPORT SERVICES

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure					
Employees	0	0	0	0	0%
Repairs and Maintenance	15	288	280	5	-5 660%
Other	5 322	6 796	6 986	4 355	-56%
Total Operational Expenditure	5 337	7 084	7 266	4 360	-62%
Net Operational Expenditure	5 337	7 084	7 266	4 360	-62%
T 3.23.4					

3.23.5 CAPITAL EXPENDITURE: ADMINISTRATION AND SUPPORT SERVICES

R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects implemented for the year under review.					
T 3.23.5					

3.23.5 COMMENT ON THE PERFORMANCE OF ADMINISTRATION AND COUNCIL SUPPORT OVERALL

The division is operating with an overall 34% vacancy rate. At clerical level we have a 36% vacancy rate. As a result, the Manager and Supervisors are dealing with various operational issues daily to ensure the work gets done and this impacts sufficient monitoring.

The vacancies that were budgeted for were not filled during the financial year however were reprioritised for the 2025/2026 financial year and have been advertised in June/July 2025. Overall performance was good with only the target for the number of Mayoral Committee meetings not achieved due to non-sitting of the committee for the performance evaluation of Members of the Mayoral Committee thus this was beyond the control of the Administration Department.

T 3.23.5

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3.24 INTRODUCTION TO LEGAL SERVICES AND CONTRACT MANAGEMENT

The Legal Services Division is responsible for the effective and efficient management of litigations and contracts management services to the Municipality. It is the duty of Legal Services to ensure that the Municipality's interests in matters of a legal nature are always protected and that the Municipality is not prejudiced in any agreements it enters.

The aim of Legal Services is to reduce litigations and private claims against the Municipality in a cost effective and non-prejudicial manner. In the 2024/2025 financial year, Legal Services settled a few private claims and introduced a measure to settle matters outside the courts in instances where the Municipality, cited as a defendant, acknowledges responsibility. This measure has resulted in savings for the Municipality on legal costs.

T 3.24

3.24.1 LEGAL SERVICES AND CONTRACT MANAGEMENT SERVICES DATA

Details		2021/2022	2022/2023	2023/2024	2024/2025		2025/2026
		Actual	Actual	Actual	Target	Actual	Estimate
1	Number of updates on litigations and private claims register	4	4	4	4	4	4
2	Percentage of new and existing contracts entered in the contracts register	100%	100%	100%	100%	100%	100%
3	Percentage of applications for renewal of expired contracts processed.	100%	100%	100%	100%	100%	100%
4	Number of Section 80 Committee Reports compiled and submitted	12	12	12	12	12	12
T 3.24.1							

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3.28.3 LEGAL SERVICES POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN

Service Objectives	Outline Service Targets	2023/2024		2024/2025		2025/2026	2026/2027		
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Promoting good governance, transparency and accountability	Number of updates on litigations and private claims register	4	4	4	4	12	4	4	4
Promoting good governance, transparency and accountability	Percentage of new and existing contracts entered in contracts register	100%	100%	100%	100%	100%	100%	100%	100%
Promoting good governance, transparency and accountability	Percentage of applications for renewal of expired contracts processed	100%	100%	100%	100%	100%	100%	100%	100%
Promoting good governance, transparency and accountability	Number of Section 80 reports compiled and submitted	4	4	4	4	12	4	4	4
Promoting good governance, transparency and accountability	Number of RMC reports submitted to the Risk Management Committee	4	4	4	4	4	4	4	4

T 3.28.3

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3.24.2 EMPLOYEES: LEGAL SERVICES AND CONTRACT MANAGEMENT

Job Level	2022/2023				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	2	3	2	1	33%
4 - 6	0	0	0	0	0%
7 - 9	1	2	1	1	50%
Total	3	5	3	2	40%
T 3.24.2					

3.24.3 FINANCIAL PERFORMANCE: LEGAL SERVICES AND CONTRACT MANAGEMENT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure					
Employees	1 486	2 439	3 509	3 317	6%
Repairs and Maintenance	-	392	392	363	-8%
Other	309	0	0	0	0%
Total Operational Expenditure	1 795	2 047	3 117	2 954	31%
Net Operational Expenditure	1 795				
T 3.24.3					

3.24.4 COMMENT ON LEGAL SERVICES AND CONTRACT MANAGEMENT PERFORMANCE OVERALL

In line with its service objective of promoting good governance, transparency and accountability, Legal Services continues to work towards the reduction and monitoring of litigations and private claims against the Municipality by addressing lodged claims and litigations timeously; and settling matters amicably and without prejudice in instances where the Municipality accepts liability.

The Legal Officer has created the Contracts Register, which is monitored and updated regularly to reflect active contracts, new contracts, and terminated contracts. The Legal Services Division ensures that the Municipality enters contracts that are not prejudicial to the Municipality.

The Division also compiles the Municipality's Contingent Liability Register, which reflects court cases and claims of a financial nature lodged against the Municipality, as well as the estimated costs by the external attorneys for the specific matters. The register also reflects the Municipality's contingent assets. The Contingent Liability Register is submitted for annual auditing by the Auditor General of South Africa, as part of the Municipality's Annual Financial Statements.

T 3.24.5

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3.25 INTRODUCTION TO PAYROLL MANAGEMENT

The Payroll Administration Division is within the Corporate Services Department and is responsible for processing salaries, benefits, deductions, payments to third parties, pay as you earn reconciliations and all other salary-related processes. The Payroll System follows set regulations to ensure compliance with national legislation. The Payroll Administration is also responsible for the processing of all leave transactions and maintaining leave records for each employee.

T 3.25.5

3.25.1 PAYROLL ADMINISTRATION DATA

Details		2021/2022	2022/2023	2023/2024	2024/2025	
		Actual	Actual	Actual	Target	Actual
1	Number of payrolls processed on or before 25 th of every month	12	12	12	12	12
2	Number of months that Third parties are processed on or before the 3 rd of every month	12	12	12	12	12
3	Percentage of leave processed	100%	100%	100%	100%	100%
T 3.25.1						

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3.25.2 PAYROLL ADMINISTRATION SERVICES POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN

Service Objectives	Outline Service Targets	2023/2024		2024/2025			2025/2026	2026/2027	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Promoting good governance, transparency, and accountability	Number of payrolls processed on or before 25 th of every month	12	12	12	12	12	12	12	12
Promoting good governance, transparency, and accountability	Number of months that Third parties are processed on or before the 3 rd of every month	12	12	12	12	12	12	12	12
Promoting good governance, transparency, and accountability	Percentage of leave processed	100%	100%	100%	100%	100%	100%	100%	100%
T 3.25.3									

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3.25.3 EMPLOYEES: PAYROLL ADMINISTRATION

Job Level	2023/2024	2025/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
Total	4	5	4	1	20%
T 3.253					

3.25.4 FINANCIAL PERFORMANCE: PAYROLL ADMINISTRATION

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	95	0	0	0	0%
Expenditure					
Employees	2 694	3 035	3 034	2561	-19%
Repairs and Maintenance					
Other	253	557	375	253	-120%
Total Operational Expenditure	2 947	3 592	3 409	2 814	-28%
Net Operational Expenditure	2 947	3 592	3 409	2 814	-28%
T 3.24.4					

3.25.5 COMMENT ON THE PERFORMANCE OF PAYROLL ADMINISTRATION SERVICES OVERALL

There is a vacancy at Management Level as the Manager Payroll retired from 29 February 2024. The retired manager is still working on a temporary contract until the position is filled. All targets were achieved.

T 3.25.5

3.26 INTRODUCTION OF THE OFFICE OF THE MUNICIPAL MANAGER

The Municipal Manager is by law the head of the administration and also the municipality's Accounting Officer. A Municipal Manager must possess the necessary skills to perform the functions of the office. The role of a Municipal Manager is primarily threefold in nature, namely:

- Performs procedural duties, re political structure;
- Head of administration;
- Accounting Officer

The Municipal Manager also has some other less prominent roles, e.g. in relation to access to information, elections etc. The Municipal Manager must ensure that the administration of the affairs of the municipality are governed by the democratic values and principles enshrined in the Constitution, namely:

- a) A high standard of professional ethics must be promoted and maintained;
- b) Efficient, economic and effective use of resources must be promoted;

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- c) Public administration must be development-oriented;
- d) Services must be provided impartially, fairly, equitably and without bias;
- e) People's needs must be responded to, and the public must be encouraged to participate in policy-making;
- f) Public administration must be accountable.
- g) Transparency must be fostered by providing the public with timely, accessible and accurate information.
- h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.
- i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

The area of responsibility of the Municipal Manager is geographically limited to the geographical area of the municipality. Due to the municipality's involvement in co-operative governance the influence of the Municipal Manager is wider, e.g. the activities of structures to liaise with National and Province governments, district municipalities, South African Local Government Association, institutes etc. The Municipal Manager also has extensive statutory and delegated powers and duties as well as powers and duties that are ancillary to such delegated powers and duties. The office is responsible to the following departments and divisions:

Departments

- Office of the Municipal Manager
- Technical Services
- Corporate Support Services
- Community Development
- Finance Services

Divisions

- Office Administration and Unit Support
- Integrated Development Planning and Performance Management and Development Systems
- Internal Audit
- Risk Management
- Information Technologies
- Communication
- Office of the Speaker
- Office of the Executive Mayor

The Municipal Manager's powers and functions are categorised hereunder according to the identified roles. These powers are subject to the policy directions of the municipal council and monitored by the Executive Mayor.

Procedural duties *re* political structure

The Municipal Manager has several procedural duties to perform regarding the constitution of the Municipal Council, namely –

- Calls the first meeting of the municipal council within 14 days after the council has been declared elected;
- Presides over the election of the Speaker

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- Ensures that every councillor declare his or her financial interests and any future changes;
- Ensures that every councillor declares any gifts received that exceed a prescribed value;
- Calls and set a date for the by-election in a ward after consulting with the Independent Electoral Commission;
- Informs the Chief Electoral Officer of the Independent Electoral Commission when a councillor elected from a party list ceases to hold office;
- Determines the nomination form to be used for the election of a Speaker, and an Executive Mayor;
- Gives notice to the public of the time, date and venue of every ordinary meeting of the municipal council and special or urgent meetings of the council, except when time constraints make this impossible;
- Attends meetings of the municipal council and advises the Speaker and council during proceedings

T 3.26

3.26.1 INTRODUCTION TO THE OFFICE OF THE SPEAKER

The aim of the Office of the Speaker is to structure the two functions of a municipal council, that is, its legislative function and its executive function. The Speaker presides at meetings of the Council and performs the duties and exercises the powers delegated to the Speaker. The Office of the Speaker is staffed with the following officials whose term runs concurrently with the term of office of the Speaker:

- Personal Assistant to the Speaker
- Senior Administrative Officer
- Public Participation and Outreach Officer
- Petitions and Hearings Officer
- Community Development Workers Coordinator
- Ward Coordinator
- Administrative Secretary
- Driver

The staff in the Office of the Municipal Public Accounts Committee is also assisted administratively by the Office of the Speaker. The Municipal Public Accounts Committee is staffed with the following personnel:

- Municipal Public Accounts Committee Coordinator
- Municipal Public Accounts Committee Researcher
- Municipal Public Accounts Committee Clerk
- Performance Management and Development System-for Secretariat purposes
- Chief Audit Executive-for investigation purposes

The staff report functionally to the Speaker but administratively to the Municipal Manager.

T 3.26.1

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3.26.1.1 SERVICE DATA OF THE OFFICE OF THE SPEAKER

	Details	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	
		Actual No.	Actual	Actual	Actual	Target	Actual
1	Number of Council agendas issued as per council rules and orders	3	3	3	3	3	3
2	Number of Council meetings co-ordinated	3	3	3	3	3	3
3	Number of quarterly Ward Committees functionality reports submitted to Council	17	17	17	17	17	17
4	Number of monthly Ward Committees functionality reports submitted	51	51	51	51	51	51
5	Number of constituency report back meetings convened by Councillors for improved communication on service delivery including IDPs, SDBIP	51	51	51	51	51	51
6	Establishment of Stakeholders Forums in all units	4	3	3	3	3	3
7	Number of Ward Profiles developed and submitted	17	0	0	0	0	0
T 3.26.1.1							

3.26.1.2 EMPLOYEES: OFFICE OF THE SPEAKER

Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	9	9	9	0	0%
7 - 9	2	2	2	0	0%
Total	11	11	11	0	0%
T 3.26.3.2					

3.26.1.2 FINANCIAL PERFORMANCE: OFFICE OF THE SPEAKER

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Operational Revenue	No information provided				
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
T 3.26.4					

3.26.1.3 COMMENT ON THE PERFORMANCE OF THE OFFICE OF THE SPEAKER OVERALL

No information provided	T 3.26.1.3

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3.26.1.1 INTRODUCTION TO THE OFFICE OF THE EXECUTIVE MAYOR

The Office of the Executive Mayor is the strategic link between administration and political principals. The legislative mandate of this is to: Provide democratic and accountable government for local communities. Ensure sustainable provision of services to communities.

The Office of the Executive Mayor has been responsible for the following programmes and projects during the year under review:

- All legislative functions and responsibilities of the Executive Mayor
- Mayoral Committee coordination
- Special Programmes
- Youth Development Programmes
- Stakeholder Engagements

T 3.26.1.1

3.26.2.2 SERVICE DATA OF THE OFFICE OF THE EXECUTIVE MAYOR

	Details	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	
		Actual	Actual	Actual.	Actual	Target	Actual
1	Number of special programmes implemented	5	5	5	5	5	5
2	Number of students benefited from the registration fees drive	12	17	14	5	5	5

T 3.26.2.2

3.26.2.3 EMPLOYEES: OFFICE OF THE EXECUTIVE MAYOR

Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	4	4	4	0	0%
Total	6	6	6	0	0%

T 3.26.3.2

3.26.3.3 COMMENT ON THE PERFORMANCE OF THE OFFICE OF THE EXECUTIVE MAYOR OVERALL

This report outlines the performance of the Office of the Executive Mayor for the period 2024/2025 financial year, in accordance with its mandate under the relevant municipal legislation, primarily the *Local Government: Municipal Structures Act (Act 117 of 1998)*. The report demonstrates how the office has successfully fulfilled its executive leadership and political oversight responsibilities to ensure the administration is effective, accountable, and aligned with the Integrated Development Plan and Council resolutions.

Mandate and Legislative Framework

As per Section 56 of the Municipal Structures Act, the Executive Mayor is the head of the municipal executive and exercises executive authority. Key legislative responsibilities include:

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- Providing strategic political leadership and direction.
- Identifying and developing key performance indicators for the administration.
- Monitoring the management of the municipality's administration.
- Overseeing the implementation of the IDP and budget.
- Ensuring Council resolutions are implemented.
- Performing a ceremonial role as the head of the municipality.

This report confirms the office's adherence to this framework.

Fulfilment of Executive Functions: Key Achievements

Strategic Leadership and Direction

- **IDP Steering:** Successfully convened and chaired the IDP Representative Forum, ensuring robust public participation. Led the process to review and adopt the revised 5-Year IDP, sharply focusing on infrastructure development, economic stimulus, and service delivery backlogs.
- **Budget Leadership:** Provided clear political guidance in the preparation of the annual budget, ensuring it was funded, credible, and directly linked to IDP priorities. Successfully defended the budget before Council and facilitated its approval.
- **Policy Formulation:** Championed key policies, including the [Insert Specific Policy, e.g., Local Economic Development Incentive Policy, Climate Action Framework], providing the administration with a clear policy mandate for implementation.

Oversight of Administration Performance

- **Performance Management and Development System:** Instituted a rigorous quarterly performance review process. The Mayor, together with the Mayoral Committee, systematically interrogated Section 57 Manager reports against agreed-upon Key Performance Indicators and Service Delivery and Budget Implementation Plan (SDBIP) targets.
- **Proactive Intervention:** Provided decisive political intervention in areas of underperformance (e.g., [Insert Example, e.g., water infrastructure project delays]), mandating corrective action plans and additional reporting, which resulted in improved project timelines.
- **Financial Oversight:** Maintained close oversight on financial management through regular engagement with the Chief Financial Officer and scrutiny of monthly budget statements. Ensured timely reporting of any significant variances to the Mayoral Committee and Council.

Ensuring Implementation of Council Decisions

- Established a tracking mechanism within the office to monitor all council resolutions.
- Issued formal implementation directives to the Municipal Manager and relevant departments following council meetings.
- Provided regular feedback to Council on the status of implementation, enhancing transparency and accountability.

Intergovernmental Relations

- Successfully represented the municipality in engagements with provincial and national government, securing funding/partnerships for critical projects such as the Wastewater Treatment Works in Ficksburg.

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- Played a pivotal role in district and provincial coordination forums, ensuring the municipality's interests were advanced.

Successful Oversight Role: Evidence of Impact

Enhanced Accountability

- The consistent quarterly review sessions have created a culture of accountability within the administration, with managers adequately prepared to report on both achievements and challenges.
- The Executive Mayor's insistence on data-driven reporting has improved the quality of administrative reports to Council.

Improved Service Delivery Outcomes

- As a direct result of strategic prioritization and focused oversight, key service delivery metrics showed improvement, including:
 - Reduction in average water outage restoration times by 95%.
 - Increase in the number of formalized title deeds delivered to over 500 households.
 - Achievement of an unqualified audit outcome on financial performance and a qualified audit opinion on predetermined objectives.

Prudent Financial Management

- Oversight interventions contributed to the municipality maintaining a positive cash position and improving revenue collection by 43% year-on-year.
- Ensured conditional grants were spent effectively and in compliance with grant frameworks.

Ceremonial and Communicative Leadership

- Effectively acted as the principal spokesperson for the municipality during disaster management and celebrations.
- Regular community imbizos and stakeholder meetings were held, ensuring the executive remained connected to public sentiment and could direct the administration accordingly.

Conclusion

The Office of the Executive Mayor has fully and successfully executed its executive authority and oversight role as mandated by legislation. Through proactive strategic direction, rigorous performance monitoring, and decisive political leadership, the office has ensured that the municipal administration is focused, accountable, and effective in implementing the will of council and serving the residents of Setsoto Local Municipality. The Executive Mayor's office has been instrumental in driving governance that is both responsive and results-oriented, firmly upholding the principles of developmental local government.

T 3.26.3.3

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3.26.3 INTRODUCTION TO INTERNAL AUDIT UNIT

The Internal Audit play a pivotal role in the governance structure, and it has been established in 2001 to conform to section 165(1) of the Municipal Finance Management. The Internal Audit has been in operation since 2001 till to date and it is currently operating with five staff, and their operational development has been taken care off through the years. It has been an instrumental in assisting municipality's management to achieve desired goal.

The unit conduct its activities in terms of the International Standards for the Professional Practice of Internal Auditing (ISPPIA), which make emphasis on the internal audit activity to evaluate and contribute to the improvement of risk management, control, and governance processes using a systematic and disciplined approach. Furthermore, the unit is an independent objective assurance and consulting function established to examine and evaluate activities and to assist Audit and Performance Audit Committee, the Council, Management in the effective discharging their responsibilities.

The unit partially conform to the standards 1200, 1300, 2000, 2300 and 2400 of the International Standard for the Professional Practice of Internal Auditing however there is an action plan developed to address those areas. Five of the nine activities have been implemented.

T 3.26.3

3.26.3.1 SERVICE DATA OF THE INTERNAL AUDIT UNIT

	Details	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	
		Actual	Actual	Actual	Actual	Target	Actual
1	Number of approved Audit and Performance Audit Charter, Internal Audit Charter	2	2	2	2	2	2
2	Number of Internal Audit Strategic Plans approved	1	1	1	1	1	1
3	Number of approved Coverage Plan and implementation of the coverage plan	1	1	1	1	1	1
4	Number of Internal Audit Procedural Manual reviewed and approved	1	1	1	1	1	1
5	Number of reports on the implementation of the Quality Assurance Improvement Programme	1	1	1	1	1	1
T 3.26.3.1							

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INTERNAL AUDIT UNIT POLICY OBJECTIVES TAKEN FROM THE INTEGRATED DEVELOPMENT PLAN										
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2023/2024		2024/2025			2025/2026	2026/2027		
		Target	Actual	Target		Actual	Target			
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year	*Following Year	
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Promoting good governance, transparency and accountability	Number of revised Key commitment framework.	1	1	1	1	1	1	1	1	
Promoting good governance, transparency and accountability	Number of Key commitment framework assessed reports.	4	4	4	4	4	4	1	1	
Promoting good governance, transparency and accountability	Number of performance agreement, performance plan developed and signed with internal audit staff.	1	1	1	1	1	1	1	1	
Promoting good governance, transparency and accountability	Number of performance appraisal conducted with internal audit staff	4	0	4	4	0	4	0	4	
Promoting good governance, transparency and accountability	Number of performance agreement, performance plan developed and signed with Audit and Performance Audit Committee and the Municipal Manager.	1	1	1	1	1	1	1	1	

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Promoting good governance, transparency and accountability	Number of skills development intervention conducted to capacitate employees in Internal Audit Unit	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of Internal Audit Plan developed and approved by Audit Committee by 31 August 2024	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of Audit Committee meetings held by 30 June 2025	4	9	4	4	9	4	4	6
Promoting good governance, transparency and accountability	Number of the reviewed and approved Internal Audit Unit Charter by 31 August 2024	1	1	1	1	1	1	1	
Promoting good governance, transparency and accountability	Number of Audit and Performance Audit Committee Charter developed and approved by 31 August 2024	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of approved Internal Audit Strategic Plan	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of approved Coverage Plan	1	1	1	1	1	1	1	1

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Promoting good governance, transparency and accountability	Number of progress report in implementation of Coverage Plan	4	4	4	4	4	4	4	4
Promoting good governance, transparency and accountability	Number of Internal Audit Procedural Manual reviewed and approved	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of reviewed Quality Assurance and Improvement Programme	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of quarterly audit reports compiled and submitted	40	45	40	40	45	40	40	40
Promoting good governance, transparency and accountability	Number of follow-up audit reports developed	2	2	2	2	2	2	2	2
Promoting good governance, transparency and accountability	Number of internal assessment reports produced	1	1	1	1	1	1	1	1
Promoting good governance, transparency and accountability	Number of Quality Assurance Reports compiled and submitted to Audit and Performance Audit Committee.	4	4	4	4	4	4	4	4
Promoting good governance, transparency and accountability	Number of quality assurance reports submitted on action plan.	2	2	2	2	2	2	2	2

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Promoting good governance, transparency and accountability	Number of Audit and Performance Audit Committee reports submitted to council.	4	4	4	4	4	4	4	4
Promoting good governance, transparency and accountability	Number of resolution registers compiled and submitted to Audit and Performance Audit Committee.	4	4	4	4	4	4	4	4
Promoting good governance, transparency and accountability	Percentage of operational risks mitigated	25%	11%	25%	25%	11%	25%	25%	25%
Promoting good governance, transparency and accountability	Number of Internal Audit Findings Control Registers compiled	4	4	4	4	4	4	4	4

T 3.1

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3.26.3.2 EMPLOYEES: INTERNAL AUDIT

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	6	4	4	67%
4 - 6	1	2	1	1	50%
Total	5	10	5	5	50%
T 3.26.3.2					

3.26.3.3 FINANCIAL PERFORMANCE: INTERNAL AUDIT

R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0				
Expenditure					
Employees	3 985	4 704	4 704	4 460	-5%
Repairs and Maintenance	0	0	0	0	0%
Other	307	315	315	278	-13%
Total Operational Expenditure	4 292	5 019	5 019	4 738	-6%
Net Operational Expenditure	4 292	5 019	5 019	4 738	-6%
T 3.26.3.3					

3.26.3.4 COMMENT ON THE PERFORMANCE OF INTERNAL AUDIT OVERALL

The unit managed to complete 97% audit activities that were planned as per the approved coverage plan, and approval was granted to roll over the one ad hoc audit that is in progress.

T 3.26.3.4

3.26.4 INTRODUCTION TO RISK MANAGEMENT

The Risk Management Division was established in 2012 in terms of the MFMA section 62 (c) (i). Risk management is central to managing the municipality as a whole, and risk management is integral to planning, organizing, directing, and coordinating systems aimed at achieving municipality's goals and objectives.

Risk refers to unwanted outcome, actual or potential to the municipality's services delivery and other performance objectives, caused by the presence of risk factors. Some risk factors also present upside potential, which management must be aware of and be prepared to exploit.

All Departments and divisions should manage risk, whether consciously or not, in the choices they make. At its core function and about allocating resources and capital to chosen risks. In the decision process, within an environment of uncertainty, the Municipality may take steps to avoid some risks, pursue the risks that provide the highest rewards, and measure and mitigate their exposure to these risks as necessary.

Risk management processes and tools make difficult Operational and financial problems easier to address in an uncertain environment. Risk is not just a matter of fate; it is something that the Municipality can actively manage with its decisions, within a risk management framework.

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Proper identification and measurement of risk and keeping risks aligned with the goals of the Municipality in the IDP and SDBIP, are key factors in managing the Municipality. Good risk management results in a higher chance of a preferred outcome—more value for the Municipality and more effective service delivery.

T 3.26.4

3.26.4.1 SERVICE STATISTICS FOR RISK MANAGEMENT

Details		2022/2023		2023/2024		2024/2025	
		Target	Actuals	Targets	Actuals	Targets	Actuals
1	Number of Strategic Risk Registers Assessed	1	1	1	1	1	1
2	Number Of RMC Reports presented to Apac and Council	4	4	4	4	4	4
3	Number of Operational Risk Registers assessed	4	4	4	4	4	4
4	Number of RMC meetings held as of 30 June 2024	4	4	4	4	4	4
5	Number of Anti- Fraud and corruption strategies reviewed and presented for approval	1	1	1	1	1	1
T 3.26.4.1							

3.26.4.2 EMPLOYEES: RISK MANAGEMENT SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
0-3	0	1	1	0	0
4-6	1	1	0	1	33.33%
7-9	1	1	1	0	0
Total	2	3	2	1	33.33%
T 3.26.4.2					

3.26.4.3 COMMENT ON RISK MANAGEMENT SERVICES PERFORMANCE

The Risk Management Division within the Municipal Managers Department has performed well and achieved 100% of its se targets, without failing them.

T 3.26.4.3

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3.26.5 INTRODUCTION TO INFORMATION TECHNOLOGIES

The municipality is committed to providing a reliable and sustainable information communication technologies environment that supports its goals and objectives, as defined in the Integrated Development Plan. The Information Communication Technologies Section is within the office of the Municipal Managers and is linked to the Integrated Development Plan objective and key performance area off Good Governance, Transparency and Accountability and Public Participation.

The main responsibility of the Information Communication Technologies Section is providing and maintaining Information Systems that responds to the information needs and requirements of the municipality as well as to ensure connectivity of the users at all times by focusing on the following areas;

- Security of all information technology systems and assets;
- Availability of systems;
- High performance of systems;
- Increase service delivery of the municipality to its greater customers through highly effective systems;
- Support and maintain systems used by all departments;
- Ensure information technology systems work according to business requirements;
- Ensure policies and procedures are in place for governance;
- Ensure seamless integration of systems and platforms; and
- To lead delivery of information technology systems and services according to industry best practices and government-based procedures.

The municipality has adopted the Municipal Corporate Governance of Information and Communication Technology Policy Framework, together with its Information and Communication Technology Governance Framework, Policies and Information and Communication Technology Charter for establishing the Information and Communication Technology Governance Structures required.

T 3.26.5

3.26.5.1 SERVICE STATISTICS FOR INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

	Details	2020/2021		2021/2022		2022/2023		2023/2024		2024/2025	2025/2026
		Target	Actuals	Target	Actuals	Target	Actuals	Target	Actuals	Target	Target
1	Percentage effective information communication technologies, communication and customer care relations management systems	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	Number of information technology governance reports	4	4	4	4	4	4	4	4	4	4
3	Number of software licenses renewed and procured	4	4	4	4	4	4	4	4	4	4
4	Number of disaster recovery test conducted	4	4	4	4	4	4	4	4	4	4
T 3.26.5.1											

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3.26.5.2 EMPLOYEES: INFORMATION COMMUNICATION TECHNOLOGIES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	1	1	1	0	0%
4 - 6	0	2	0	2	100%
7 - 9	1	2	1	1	50%
Total	2	5	2	3	60%

T 3.26.5.2

3.26.5.3 FINANCIAL PERFORMANCE: INFORMATION COMMUNICATION TECHNOLOGIES

Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 252 904	5 673 912	5 673 912	5 585 003	88 909
Expenditure					
Employees	2 141 275	1 650 312	1 650 312	1 526 490	123 822
Repairs and Maintenance					
Other	2 111 629	4 023 600	4 023 600	4 058 513	-34 913
Total Operational Expenditure	4 252 904	5 673 912	5 673 912	5 585 003	88 909
Net Operational Expenditure	4 252 904	5 673 912	5 673 912	5 585 003	88 909

T 3.30.3

3.26.5.4 COMMENT ON THE PERFORMANCE OF INFORMATION COMMUNICATION TECHNOLOGIES, OVERALL

The Information Communication Technologies Section within the Information Communication Technology/Customer Relations Management and Communications Division has met 100% of its targets.

T 3.26.5.4

3.26.6 INTRODUCTION TO COMMUNICATION SERVICES

The municipality is committed to providing a reliable, sustainable and effective services to the community as outlined in the Integrated Development Plan. The Communication division is within the Department of the Municipal Manager and is linked to the Integrated Development Plan objective and key performance area of Good Governance and Public Participation.

Effective service delivery is very key in a local government sphere and for the municipality to be able to attend and address all community needs, it must develop a sustainable relationship with the community. For the community to be adequately informed about municipal projects which are aimed at enhancing their lives the municipality must come up with communication platforms to be used for information transfer and feedback. We are also governed by the following:

1. Intergovernmental Relations Framework Act of 2005
2. Media Development and Diversity Act of 2002
3. Municipal Finance Management Act 56 of 2003
4. Promotion of Access to Information Act of 2000
5. Municipal Structures Act of 1998
6. Municipal Systems Act of 2000

T 3.26.6

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3.26.6.1 SERVICE STATISTICS FOR COMMUNICATION SERVICES

	Details	2020/2021		2021/2022		2022/2023		2023/2024		2024/2025	2025/2026
		Target	Actuals	Target	Actuals	Target	Actuals	Target	Actuals	Target	Target
1	Number of issued media statements	3	3	3	3	3	3	3	3	12	12
2	Number of scheduled interviews	3	7	3	9	3	6	3	10	12	12
3	Percentage of issued notices/announcements	100	100	100	100	100	100	100	100	100	100
4	Percentage of online uploads	100	100	100	100	100	100	100	100	100	100
5	Number of reviewed communication strategy	0	0	0	0	0	0	0	1	1	1

T 3.26.6.1

3.26.6.2 EMPLOYEES: COMMUNICATION SERVICES

Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	1	1	1	0	0%
4 - 6	0	2	0	2	100%
7 - 9	1	2	1	1	50%
Total	2	5	2	3	60%

T 3.26.6.2

3.26.6.3 FINANCIAL PERFORMANCE 2024/2025: COMMUNICATION SERVICES

Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 585	5100	6 386	6 242	1 435
Expenditure					
Employees	1 526	1 786	1 786	1 708	7 760
Repairs and Maintenance	0	0	0	0	0
Other	4 058	3 313	4 600	4 534	6 594
Total Operational Expenditure	5 585	5 100	6 386	6 242	1 435
Net Operational Expenditure	5 585	5 100	6 386	6 242	1 435

T 3.26.6.3

3.26.6.4 COMMENT ON THE COMMUNICATION SERVICES OVERALL

The office still doesn't have budget dedicated for the division. However, the Office utilizes the budget of the Municipal Manager as and when required.

T 3.26.6.4

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COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

3.27 PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

The first Performance Management and Development System Policy Framework was adopted by the Setsoto Local Municipality in May 2005. The framework was reviewed and amended during 2012/2013 financial year to align with the best practice guidelines suggested by the Department of Corporate Governance and Traditional Affairs. The framework was again reviewed in May 2016 to address the Auditor General finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

The reviewed Performance Management and Development System Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information. The Local Government Regulations on the appointment and Conditions of Employment of Senior Managers-Regulation 21 of 17 January 2014-were also included in the reviewed framework since it was promulgated after the adoption of the previous Performance Management and Development Policy Framework.

The most recent Performance Management and Development System Policy Framework review was on 09 June 2022, which is aligned to the Municipal Staff Regulations of 2021. On 1 July 2019 the Department of Cooperative Governance and Traditional Affairs issued a revised draft set of indicators with technical indicator descriptions for secondary cities and district municipalities.

The draft set of indicators were developed with respect to the provisions of Section 43 of the Municipal Systems Act, 32 of 2000, which provides for the Minister, after consultation with Member of the Executive Councils for local government and organised local government representing local government nationally, to prescribe and regulate key performance indicators to local government.

The draft indicators for secondary cities and district municipalities were developed through the course of engagements with provincial planning, monitoring and evaluation stakeholders on the 21 February 2019, and representatives of district municipalities and secondary cities whereby Setsoto Local Municipality participated on the 14 March 2019, convened by the Department of Cooperative Governance.

The submissions made via these forums have been considered as formative input to the indicators and are considered part of the process of intended reform of the Local Government: Municipal Planning and Performance Management Regulations of 2001. The document begins by setting out a summary of the proposed indicators for secondary cities and districts differentiated for the respective categories of municipality respectively.

The indicators have used Municipal Finance Management Act, 56 of 2003, Circular No. 88 as their point of departure and have been crafted so that they reflect the differential allocation of powers and functions between the two categories of municipalities. The indicators have been organised in terms of the Back-to-Basics Principles and are informed by reporting reforms initiated with metropolitan municipalities and formalised in Municipal Finance Management Act, 56 of 2003, Circular No. 88.

Technical indicator description for each of the proposed indicators were provided in draft format and municipalities requested to comment on it. It was imperative for Setsoto Local Municipality to prepare for readiness of implementation of the performance indicators together with Technical Indicator Descriptions for secondary cities until such stage that the Regulations are formalised.

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The Organisational Performance Management and Development System Scorecard-Top Layer service delivery targets of the Service Delivery and Budget Implementation Plan was subsequently restructured from 2019/2020 financial year in line with the new format by the Department of Cooperative Governance and aligned to the Back-to-Basics Pillars. Technical Indicator Descriptions were developed for the Top Layer Service Delivery Targets on basic service delivery in the Service Delivery Budget Implementation Plan and adopted by Council on 31 May 2020 as Phase One of the implementation process with the following objectives:

- to describe the purpose of each indicator, the collection, calculation and interpretation of data;
- to indicate systems used to generate performance information to report on performance indicators;
- to institute a common understanding on the procedures that must be followed to record, collect, collate, verify and report on the actual performance on predetermined objectives outlined in the Top Layer Service Delivery and Budget Implementation Plan;
- to indicate the responsibilities at all organisational levels from the level where the performance information originates, up to the point where it is recorded in the Service Delivery and Budget Implementation Plan quarterly performance reports and finally in the annual performance report;
- to ensure an audit trail; and
- to facilitate effective monitoring and evaluation

The Organisational Performance Management and Development System function of Setsoto Local Municipality is delivered by an internal Performance Management and Development System Section within the Office of the Municipal Manager under the authority of the Head: Integrated Development Planning and Performance Management and Development System.

The Performance Management and Development System Section consist of three permanent employees, i.e., one post of Head: Performance Management and Development System, one post of Performance Management and Development System Officer and one post of Performance and Development System Clerk. The Officer's position is vacant but filled on an acting basis.

T 3.27

3.27.1 LEGISLATIVE REQUIREMENTS

Section 40 of the Municipal Systems Act, 32 of 2000, states that municipalities must establish mechanisms so as to monitor and review their Performance Management and Development System so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels.

Section 34 of the Municipal Systems Act, 32 of 2000, furthermore points out that the integrated development plan has to be reviewed on an annual basis and during the integrated development plan review process the key performance areas, key performance indicators and performance targets be reviewed and this review will form the basis for the review of the organisational performance management and development and performance contracts of senior managers.

The Municipal Planning and Performance Management Regulations of 2001 stipulates that a:

“municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players”- Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001.

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Section 46 of the Municipal Systems Act, 32 of 2000, inter alia stipulates the following: -

"Annual reports

46. (1) A municipality must prepare for each financial year an annual report consisting of –

(a) a performance report reflecting;

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

Section 32 of the Municipal Staff Regulations of 2021, furthermore, states that:

"Application

Section 32:-

(2) The performance management and development system must be collaborative, transparent, and fair.

(3) a municipality shall apply the performance management and development system in a consultative, supportive, and non-discriminatory manner in order to enhance organisational efficiency, effectiveness, and accountability.

(4) the performance management and development system must be underpinned by open, constructive, and on-going communication between the supervisor and the staff member.

(5) the performance management and development system must, where reasonably practical, link to-

- a) The municipality's strategic objectives, integrated development plan and the Service Delivery and Budget Implementation Plan of the relevant municipal department; and
- b) The senior manager's performance plan and the performance plans of the staff members within that senior manager's department.

(6) the performance management and development system must be developmental, while allowing for-

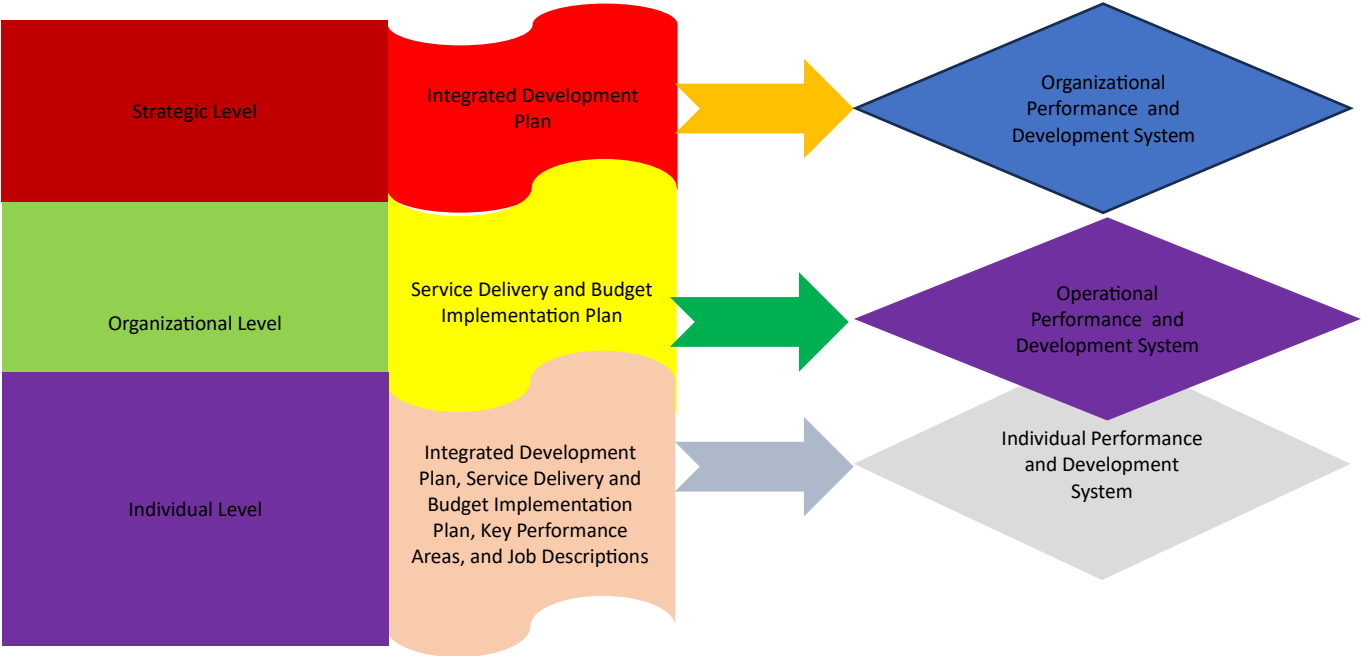
- a) An effective response and relevant measures to manage substandard performance; and
- b) Recognition and reinforcement of fully effective performance, performance significantly above expectation and outstanding performance

(7) the performance management and development system must be integrated with other human resource policies and practices contemplated in section 67 of the Act as well as any other organisational development initiatives of the municipality".

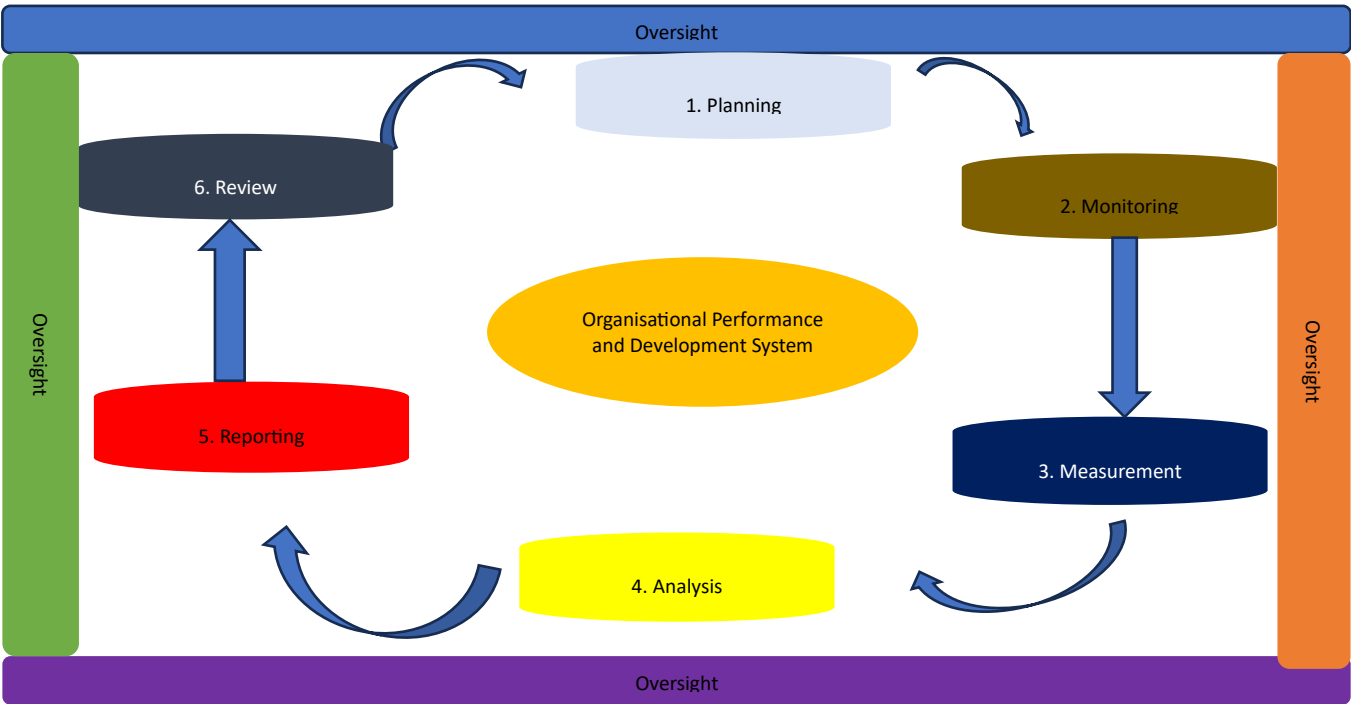
T 3.27.1

3.27.2 ORGANISATIONAL PERFORMANCE

The legislative framework as set out above provides for performance management and development system at various levels in a municipality including organisational-sometimes also referred to as municipal, corporate or strategic level, operational-also referred to as services, departmental or division and/or section and or team level and lastly, at individual level as. These levels are however integrated and interdependent on each other.



The process of managing performance at organisational level in the municipality involves the stages as set out in the following diagram:



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Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised Integrated Development Plan, aligned with the revised municipal staff establishment for the five-year Integrated Development Plan period to ensure consistency in measuring and reporting on long term strategies and projects.

T 3.27.2

3.27.3 GOVERNANCE FRAMEWORK FOR INTEGRATED DEVELOPMENT PLAN, BUDGET AND PERFORMANCE MANAGEMENT AND DEVELOPMENTS SYSTEMS

The legislative framework as set out above provides for performance management and development system at various levels in a municipality including organisational level, operational level and lastly at individual level. These levels are, however, integrated and interdependent on each other.

Measurable performance targets regarding each of these development priorities and objectives were established and are reflected in the 2024/2025 Organisational Performance Management and System Scorecard-Top-Layer Service Delivery and Budget Implementation Plan. A process to ensure regular reporting is in place and gets reported quarterly to the council through the Audit and Performance Audit Committee and the Executive Mayor.

Individual performance agreements and performance plans were prepared in line with the provisions prescribed in the Performance Regulations, Notice 805, published on 01 August 2006 in the official gazette, and signed by the Municipal Manager, all Directors, and Middle Managers. These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act, 56 of 2003.

Performance monitoring underpins the municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

The Organisational Performance Management and Development System Scorecard-Top-Layer of the Service Delivery Budget Implementation Plan has been developed in complying with stipulations in terms of Section 41 of the Municipal Systems Act, 32 of 2000, and has been included as an annexure to the municipal reviewed Integrated Development Plan and approved on 26 May 2024.

The Top-Layer service delivery targets of the Service Delivery and Budget Implementation Plan included in the Draft Annual Performance Report is therefore the monitoring and reporting mechanism on measurable performance targets detailing developmental priorities and objectives as set out in the municipality's Integrated Development Plan.

The Top-Layer basic service delivery targets of Service Delivery and Budget Implementation Plan is reporting the achievements of the municipality on a strategic level which is in line with strategic key performance areas directly aligned to the six national key performance areas. The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan review for the 2024/2025 financial year in the newly adopted format.

These priority measures constitute the Organisational Performance and Development System Scorecard-Top-Layer of the Service Delivery and Budget Implementation Plan on basic service delivery targets for 2024/2025 financial year. The annual performance reporting on the 2024/2025 financial year has been completed and presented in the Top-Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan in a table format.

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The Top-Layer Service Delivery Budget Implementation Plan consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act, 56 of 2003, Circular 13 guide has been included following the review from the Auditor General since the 2020/2021 financial year auditing process.

Technical Indicator Descriptions were developed for the Top-Layer service delivery targets of the Service Delivery and Budget Implementation Plan for the 2024/2025 financial year and enhanced at mid-year and approved by council on 26 February 2025 as part of the continued implementation process.

The Annual Performance Report Top-Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan should be read in conjunction with the Setsoto Local Municipality Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance on Predetermined Objectives Information for the 2024/2025 financial year.

T 3.27.3

27.4 THE MUNICIPAL SCORECARD-TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Top-Layer service delivery targets of the Service Delivery and Budget Implementation Plan included in the Draft Annual Performance Report is therefore the monitoring and reporting mechanism on measurable performance targets detailing developmental priorities and objectives as set out in the municipality's Integrated Development Plan.

The Top-Layer basic service delivery targets of Service Delivery and Budget Implementation Plan is reporting the achievements of the municipality on a strategic level which is in line with strategic key performance areas directly aligned to the six national key performance areas. The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan review for the 2024/2025 financial year in the newly adopted format.

These priority measures constitute the Organisational Performance and Development System Scorecard-Top-Layer of the Service Delivery and Budget Implementation Plan on basic service delivery targets for 2024/2025 financial year. The annual performance reporting on the 2024/2025 financial year has been completed and presented in the Top-Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan in a table format.

The Top-Layer Service Delivery Budget Implementation Plan consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act, 56 of 2003, Circular 13 guide has been included following the review from the Auditor General since the 2020/2021 financial year auditing process. Technical Indicator Descriptions were developed for the Top-Layer service delivery targets of the Service Delivery and Budget Implementation Plan for the 2023/2024 financial year and enhanced at mid-year and approved by council on 28 February 2024 as part of the continued implementation process.

The Annual Performance Report Top-Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan should be read in conjunction with the Setsoto Local Municipality Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance on Predetermined Objectives Information for the 2024/2025 financial year.

The reported performance for 2024/2025 presents a concerning picture in several core service delivery areas, particularly land use management, water access, and fleet maintenance, while showing strength in financial processing, township development, and fire services.

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However, the overarching and most critical finding is that these conclusions are provisional. The absence of an Auditor General of South Africa audit on the 2023/2024 data fundamentally undermines the reliability of any year-on-year comparison.

The dramatic variances observed could be a result of real performance issues, or they could be amplified by inaccurate historical reporting. A true assessment of the municipality's performance trajectory can only be made once all relevant data has been subjected to independent verification, which this year's audited figures will serve as a basis.

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3.27.5 MUNICIPAL MANAGER'S SCORECARD

3.27.5.1 BASIC SERVICES

Outcome Number	MMBS001				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Infrastructure and Sustainable Living Environments		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	100%	Quarter 1	100%	0
			Quarter 2	100%	100%
			Quarter 3	100%	100%
			Quarter 4	100%	25%
Achievement for the period under review			100%	25%	
Key Performance Indicator	Percentage of land use applications received and addressed by 30 June 2025				
Definition	Land use categories applied for, e.g. rezoning, consolidation or sub-division				
Purpose/Importance	To ensure that land use is approved by the relevant authority				
Source/Collection of Data	- Register of Land Use Applications - Notification letters				
Method of calculation	- Number of applications received-denominator - Number of applications addressed-numerator				
Data Limitation	Non-submission of application				
Type of Data	Activity				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	To ensure that land use is approved and used for the intended purpose.				
Indicator Responsibility	Department of Technical Service-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	A application register was not included.		Ensure that the application register and minutes of the MPT are included in the POE.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Management only used applications submitted at the beginning of		Management will use cut off period for the previous year to be April of that previous year to be included		

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		in the denominator, and all those that have been addressed to be the numerator.
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Not Met	Management only used applications submitted at the beginning of July 2025	Management will use cut off period for the previous year to be February of that previous year to be included in the denominator, and all those that have been addressed to be the numerator.

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3.27.5.2 LOCAL ECONOMIC DEVELOPMENT

Outcome Number	MMLED001				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Economic Growth and Spatial Transformation		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	25%	Quarter 1	100%	100%
			Quarter 2	100%	100%
			Quarter 3	100%	100%
			Quarter 4	100%	100%
Achievement for the period under review			100%	100%	
Key Performance Indicator	Percentage compliance to turn-around time maintained to consider building plan applications quarterly				
Definition	Turn-around time taken to approve building plans submitted to the municipality.				
Purpose/Importance	To ensure that all building plans conforms to the required building standards				
Source/Collection of Data	• Percentage compliance to 30 working days turn-around time. In terms of the National Building Regulations and Building Standards Act, 103 of 1977, building plan applications exceeding 500m2 floor area-Date of application received versus date considered and signature by the Building Inspector				
Method of calculation	• Number of building plans applications submitted-denominator • Number of building plans considered and finalised-numerator				
Data Limitation	Non-submission of building plans				
Type of Data	Activity				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that all buildings within the municipal area conforms to the required building standards				
Indicator Responsibility	Department of Technical Services-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMLED002				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Economic Growth and Spatial Transformation		Baseline Indicator		6 months
			Original Annual Target		6 months
			Adjusted Target		6 months
				Target	Actual
	Weighting	25%	Quarter 1	6 months	6 months
			Quarter 2	6 months	6 months
			Quarter 3	6 months	12 Months
			Quarter 4	6 months	18 Months
Achievement for the period under review			6 months	18 Months	
Key Performance Indicator	Average turn-around time maintained to consider land use applications quarterly				
Definition	Turn-around time taken to approve land use applications submitted to the municipality.				
Purpose/Importance	To ensure that land use is utilised according to the approved land use categories				
Source/Collection of Data	• Average of 6 months turn-around time to consider applications submitted in terms of Spatial Planning and Land Use Management Act, 16 of 2013 • Notices from Municipal Planning Tribunal • Minutes				
Method of calculation	• Number of land use applications submitted-denominator • Number of land use applications considered and finalised-numerator				
Data Limitation	Non-submission of land use applications				
Type of Data	Activity				
Calculation Type	Months				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that land is being utilised for the purposes it was intended for				
Indicator Responsibility	Department of Technical Services-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	The stipulated turnaround time to consider land use applications is 12 to 18 months, dependent on the application type. That is, for category 1 applications turnaround time is 12 months and for category 2 applications turnaround time is 18 months.		To increase the target from 6 months to 18 months for category 1 and 12 months for category 2 applications.		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		

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Target Not Met	The stipulated turnaround time to consider land use applications is 12 to 18 months, dependent on the application type. That is, for category 1 applications turnaround time is 12 months and for category 2 applications turnaround time is 18 months.	To increase the target from 6 months to 18 months for category 1 and 12 months for category 2 applications.
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Not Met	The stipulated turnaround time to consider land use applications is 12 to 18 months, dependent on the application type. That is, for category 1 applications turnaround time is 12 months and for category 2 applications turnaround time is 18 months.	To increase the target from 6 months to 18 months for category 1 and 12 months for category 2 applications.

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Outcome Number	MMLED003				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Local Economic Development		Baseline Indicator		5
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	25%	Quarter 1	1	2
			Quarter 2	1	0
			Quarter 3	1	1
			Quarter 4	1	6
Achievement for the period under review			4	9	
Key Performance Indicator	Number of trainings conducted on socio-economic development opportunities identified and facilitated streamlined to local Small Medium Macro Enterprises by 30 June 2025.				
Definition	Training opportunities provided to Small Medium Macro Enterprises within the municipal area to enhance economic growth.				
Purpose/Importance	To capacitate the Small Medium Macro Enterprises in the area to fully participate in the local economic development initiatives				
Source/Collection of Data	• Contracted Local Small Medium Macro Enterprises Registers				
Method of calculation	• Count				
Data Limitation	Non-attendance of Small Medium Macro Enterprises to the workshops				
Type of Data	Output				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that Small Medium Macro Enterprises are capacitated to the level that they can actively partake in the economic growth of the municipality				
Indicator Responsibility	Department of Community Services-Local Economic Development, Tourism, Agriculture and Sport, Arts and Recreation				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Relevant partners and stakeholders pulled out of the programme due to their financial constraints		Involve partners and stakeholders during planning stage to ensure that indicators and targets identified are SMART.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Outcome Number	MMLED004				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Local Economic Development		Baseline Indicator		129
			Original Annual Target		129
			Adjusted Target		129
				Target	Actual
	Weighting	25%	Quarter 1	129	1 463
			Quarter 2	129	1 463
			Quarter 3	129	1 463
			1 463	1 463	1 463
Achievement for the period under review				129	1 463
Key Performance Indicator	Number of jobs created through municipality’s local economic development initiatives and capital projects				
Definition	Fulltime equivalent job opportunities created through municipality’s economic development initiatives and capital projects				
Purpose/Importance	To create job opportunities in the municipality’s fight against, unemployment, poverty and inequality				
Source/Collection of Data	Project		Number of Beneficiaries		
	Environmental Projects		131		
	Infrastructure Projects		213		
	Social		29		
	Non-State		1 090		
	Total		1 463		
Method of calculation	Consolidation of job opportunities created by Expanded Public Works Programmes, other capital projects and Community Works Programs				
Data Limitation	Lack of funding to implement local economic initiatives and capital programmes				
Type of Data	Output				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	To intensify the municipality’s fight against unemployment, poverty and inequality				
Indicator Responsibility	- Department of Community Services-Local Economic Development, Tourism, Agriculture and Sport, Arts and Recreation - Department of Technical Services-Project Management Unit and Expanded Public Works Programme Section				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		

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Target Extremely Met	N/A	N/A
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Extremely Met	N/A	N/A
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Extremely Met	N/A	N/A

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3.27.5.3 INSTITUTIONAL CAPACITY

Outcome Number	MMIC001				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Training and Development		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	35%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of approved Workplace Skills Plan by April 2025				
Definition	The skills plan the municipality is required, by law, to compile annually after conducting a skills audit.				
Purpose/Importance	To identify the skills gap amongst the municipal workforce and identify areas where capacity should be developed.				
Source/Collection of Data	- Approved Workplace Skills Plan approved - Council Resolution - Skills Audit Report				
Method of calculation	Counting				
Data Limitation	Lack of skills audit report				
Type of Data	Output				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Ensure that employees are capacitated in areas of responsibility to ensure that we have capable workforce				
Indicator Responsibility	Department of Corporate Services-Human Resources Development				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		NA		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Met	N/A	NA

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Outcome Number	MMIC002				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Recruitment and placement		Baseline Indicator		4
			Original Annual Target		5
			Adjusted Target		5
				Target	Actual
	Weighting	65%	Quarter 1	4	4
			Quarter 2	5	5
			Quarter 3	5	5
			Quarter 4	5	4
Achievement for the period under review			5	4	
Key Performance Indicator	Number of senior managers positions filled				
Definition	Senior Managers as contemplated in section 54 and 56 of the Municipal Systems Amendment Act, 3 of 2022				
Purpose/Importance	To ensure that all funded vacant of senior managers are filled				
Source/Collection of Data	• Organogram • Advertisements • Shortlisting Report • Interview Report • Appointments letters				
Method of calculation	Count				
Data Limitation	Non-compliance to Regulation 17 to the letter				
Type of Data	Output				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Ensure that all vacant positions for senior managers are filled within the stipulated timeframe				
Indicator Responsibility	Department of Corporate Services-Human Resources Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Vacant Position of Director Corporate Services		Fastrack the recruitment and appointment of the Director Corporate Services adhering to all the legal requirements to ensure that all the senior manager positions are filled.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Almost Met	Vacant Position of Director Corporate Services	Fastrack the recruitment and appointment of the Director Corporate Services adhering to all the legal requirements to ensure that all the senior manager positions are filled.

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3.27.5.4 FINANCIAL MANAGEMENT

Outcome Number	MMFM001				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		2
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Annual Cost Coverage Ratio				
Definition	Cash, excluding unspent conditional grant that is on hand for at least one month for the municipality to meet all its fixed monthly obligations.				
Purpose/Importance	The ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.				
Source/Collection of Data	• C-Schedule-Statement of Financial Performance				
Method of calculation	(((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).				
Data Limitation	Lack of submission of monthly reports				
Type of Data	Output				
Calculation Type	Months				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm range between 1 month to 3 months.				
Indicator Responsibility	Department of Finance Services-Budget and Reporting				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMFM002				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		1:5
			Original Annual Target		1:5
			Adjusted Target		1:5
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1:5	1
Achievement for the period under review			1:5	1	
Key Performance Indicator	Annual Liquidity Ratio				
Definition	The ratio is used to assess the municipality’s ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).				
Purpose/Importance	• The higher the current ratio, the more capable the municipality will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. • A financial ratio under 1 suggests that the municipality would be unable to pay all its current or short-term obligations if they fall due at any specific point.				
Source/Collection of Data	• C-Schedule-Statement of Financial Performance				
Method of calculation	Current Assets / Current Liabilities				
Data Limitation	Lack of submission of monthly reports				
Type of Data	Output				
Calculation Type	Months				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm range between 1.5 to 2 :1				
Indicator Responsibility	Department of Finance Services-Budget and Reporting Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	The municipality’s collection rate is not within the norm, and this may pose a risk of the municipality as a going concern.		Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the Pound-to-Pound Concessions and the registration of indigent households.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Almost Met	The municipality's collection rate is not within the norm, and this may pose a risk of the municipality as a going concern.	Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the Pound-to-Pound Concessions and the registration of indigent households. The concession period has been extended to the end of January 2026 during council meeting held on the 30 October 2025.

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Outcome Number	MMFM003				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		Unqualified
			Original Annual Target		Unqualified
			Adjusted Target		Unqualified
				Target	Actual
	Weighting	15%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	Unqualified	Unqualified
			Quarter 4	N/A	N/A
Achievement for the period under review			Unqualified	Unqualified	
Key Performance Indicator	Unqualified with reduced matters of emphasis				
Definition	Auditor General of South Africa audit opinion after regulatory audit process of the Annual Financial Statements and Annual Performance of the municipality.				
Purpose/Importance	To promote good governance, transparency and accountability				
Source/Collection of Data	- Annual Financial Statements - Annual Performance Report - Portfolio of Evidence				
Method of calculation	Counting				
Data Limitation	Lack of submission of annual reports and portfolio of evidence				
Type of Data	Outcome				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Clean Audit				
Indicator Responsibility	Department of Finance Services-Budget and Reporting Division				
	Office of the Municipal Manager-Integrated Development Planning and Performance Management and Development System Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		NA		

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Outcome Number	MMFM004				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		65%
			Original Annual Target		25%
			Adjusted Target		25%
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	25%	65%
Achievement for the period under review			25%	65%	
Key Performance Indicator	Annual percentage of outstanding service debtors to revenue				
Definition	The amount of outstanding debtor’s arrear amount against the municipality’s operating revenue				
Purpose/Importance	To account on the municipality’s effective implementation of Credit Control and Debt Collection Policy				
Source/Collection of Data	• C-Schedule				
Method of calculation	Total outstanding service debtors (Gross, excluding VAT)/revenue received for services calculated per annum (All consumer debtors included excluding developer contributions)				
Data Limitation	Lack of submission of monthly reports and portfolio of evidence				
Type of Data	Output				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Clean Audit				
Indicator Responsibility	Department of Finance Services-Budget and Reporting				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	The municipality’s collection rate is not within the norm, and this may pose a risk of the municipality as a going concern.			Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the Pound-to-Pound Concessions and the registration of indigent households.	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	The municipality’s collection rate is not within the norm, and this may pose a risk of the municipality as a going concern.			Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the	

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		Pound-to-Pound Concessions and the registration of indigent households. The concession period has been extended to the end of January 2026 during council meeting held on the 30 October 2025.

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Outcome Number	MMFM005				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		53%
			Original Annual Target		55%
			Adjusted Target		N/A
				Target	Actual
	Weighting	15%	Quarter 1	33%	40%
			Quarter 2	58%	40%
			Quarter 3	48%	43%
			Quarter 4	55%	53%
Achievement for the period under review			55%	53%	
Key Performance Indicator	Percentage collection rate maintained annually				
Definition	It measures increases or decreases in debtors relative to annual billed revenue. In addition, to determine the real collection rate, bad debts written-off is taken into consideration.				
Purpose/Importance	Assessing the collection ratio will provide an indication of the performance against a few areas, for example: - Quality of credit control - ensuring that what is billed is collected; and - Quality of revenue management - the ability to set affordable tariffs and bill correctly.				
Source/Collection of Data	C-Schedule				
Method of calculation	Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100				
Data Limitation	- Estimates - Incorrect billing				
Type of Data	Outcome				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	- If the ratio is below the norm this is an indication that revenue collection of the municipality requires urgent attention, and corrective measures should be implemented. - A municipality with outstanding debtors should aim at achieving a collection rate of more than 100%. - The results from this ratio should be viewed along with results from the age analysis and net debtor’s day’s ratio.				
Motivation for the adjustment	N/A				
Indicator Responsibility	Department of Finance Services-Revenue Management Division				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Litigators and Debt collectors contract came to an end		Intensify the implementation of Credit Control and Debt Collection Policy		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		

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Target Almost Met	Litigators and Debt collectors contract came to an end	Intensify the implementation of Credit Control and Debt Collection Policy
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	No implementation of revenue enhancement strategy across departments	Enforcement of the revenue enhancement strategy by the Municipal Manager and Municipal Council
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	The municipality's collection rate is not within the norm, and this may pose a risk of the municipality as a going concern.	Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the Pound-to-Pound Concessions and the registration of indigent households. The concession period has been extended to the end of January 2026 during council meeting held on the 30 October 2025.

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Outcome Number	MMFM006				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		21.39%
			Original Annual Target		21.39%
			Adjusted Target		21.39%
				Target	Actual
	Weighting	10%	Quarter 1	5.34%	0%
			Quarter 2	10.69%	97%
			Quarter 3	16.04%	13.04%
			Quarter 4	21.39%	20.89%
Achievement for the period under review			21.39%	20.89%	
Key Performance Indicator	Percentage household earning less than R 4 200.00 per month with access to basic service delivery				
Definition	Identification of the number of the poorest of the poor households within the municipal area				
Purpose/Importance	Provide allocation in the budget for indigent subsidy to the poorest of the poor households.				
Source/Collection of Data	• C-Schedule				
Method of calculation	• Budget Allocation-denominator • Actual spending on registered indigent households-numerator				
Data Limitation	Non-registration of indigent households				
Type of Data	Cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Percentage number of households registered as formal indigent households who received the benefit of the free basic services against the total number of households				
Indicator Responsibility	Department of Finance Services-Revenue Management Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	There is not denominator provided to calculate the percentage although the numerator is 7 187 as per the indigent subsidy report		Ensure that denominator is provided in order to validate the reported performance percentage		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register		Municipal officials entrusted with indigent management conducted indigent awareness in the local community radio station. Community roadshows will be conducted in the four towns.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to		Municipal officials entrusted with indigent management conducted indigent awareness in the		

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	register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register	local community radio station. Community roadshows will be conducted in the four towns.
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register	Municipal officials entrusted with indigent management conducted indigent awareness in the local community radio station. Community roadshows will be conducted in the four towns
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register	Municipal officials entrusted with indigent management conducted indigent awareness in the local community radio station. Community roadshows will be conducted in the four towns, and council during its council meeting on the 30 October 2025 have resolved that all councillors should make efforts to encourage consumers to pay for services and participate in all endeavours council implement to increase revenue collection.

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Outcome Number	MMFM007				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		97%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	10%	Quarter 1	25%	32%
			Quarter 2	50%	56%
			Quarter 3	60%	81%
			Quarter 4	100%	100%
Achievement for the period under review			100%	100%	
Key Performance Indicator	The percentage of municipality’s capital budget spent on projects, identified for a particular year in terms of the municipality’s Integrated Development Plan 2024/2025				
Definition	Measures the municipality’s ability to implement capital projects and monitor the risks associated with non-implementation.				
Purpose/Importance	Assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.				
Source/Collection of Data	C-Schedule				
Method of calculation	- Capital budget allocation-denominator - Capital budget actual expenditure-numerator				
Data Limitation	Lack of supporting documentation				
Type of Data	Cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	The norm range between 95% and 100%				
Indicator Responsibility	Department of Finance Services-Revenue Management Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Well Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Well Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMFM008				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Supply Chain Management		Baseline Indicator		3%
			Original Annual Target		3%
			Adjusted Target		3%
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	3%	3%
Achievement for the period under review			3%	3%	
Key Performance Indicator	Percentage annual procurement spent awarded to youth owned enterprise				
Definition	Measures the municipality’s ability promote the youth involvement in the local economy.				
Purpose/Importance	Assess whether the municipality has effective controls in place to ensure that approved policies are implemented as required				
Source/Collection of Data	- C-Schedule - Supply Chain Management Reports				
Method of calculation	- Capital budget allocation-denominator - Capital budget actual expenditure on youth enterprises-numerator				
Data Limitation	Lack of supporting documentation				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	The norm is 5%				
Indicator Responsibility	Department of Finance Services-Supply Chain Management Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMFM009				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Supply Chain Management		Baseline Indicator		5%
			Original Annual Target		5%
			Adjusted Target		5%
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	5%	5%
Achievement for the period under review			5%	5%	
Key Performance Indicator	Percentage of annual procurement spent awarded to local economy				
Definition	Measures the municipality’s ability promote the local enterprises involvement in the local economy.				
Purpose/Importance	Assess whether the municipality has effective controls in place to ensure that approved policies are implemented as required				
Source/Collection of Data	- C-Schedule - Supply Chain Management Reports				
Method of calculation	- Capital budget allocation-denominator - Capital budget actual expenditure on local enterprises-numerator				
Data Limitation	Lack of supporting documentation				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	The norm is 30%				
Indicator Responsibility	Department of Finance Services-Supply Chain Management Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMFM010				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Assets, Equipment and Fleet Management		Baseline Indicator		03.30%
			Original Annual Target		4%
			Adjusted Target		4%
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	4%	1%
Achievement for the period under review			4%	1%	
Key Performance Indicator	Percentage of repairs and maintenance budget against the operational budget				
Definition	Measures the municipality’s ability promote the local enterprises involvement in the local economy.				
Purpose/Importance	Assess whether the municipality has effective controls in place to ensure that approved policies are implemented as required				
Source/Collection of Data	- C-Schedule - Supply Chain Management Reports				
Method of calculation	- Capital budget allocation-denominator - Capital budget actual expenditure on local enterprises-numerator				
Data Limitation	Lack of supporting documentation				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	The norm is 30%				
Indicator Responsibility	Department of Finance Services-Budget and Reporting Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	NA			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Not Met	Due to the low collection rate, the municipality could not budget fully as required by law.	Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the Pound-to-Pound Concessions and the registration of indigent households			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			

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Target Not Met	Due to the low collection rate, the municipality could not budget fully as required by law.	Enhance Revenue Enhancement Strategy and the implementation of Operation Patala through the Pound-to-Pound Concessions and the registration of indigent households. Council on its sitting of the 30 October 2025, extended the pound-to-pound concession for a further three months until 31 January 2026.

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3.27.5.5 GOOD GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Outcome Number	MMGG001				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of quarterly Strategic and Operational Risk Register Reports submitted to council				
Definition	A register of strategic risks and internal controls put in place to mitigate against occurrence of such risks				
Purpose/Importance	Identification of strategic risks and implementation of mitigation strategies.				
Source/Collection of Data	- Quarterly Reports submitted to council with an analysis from the Acting Chief Risk Officer and progress made on actions implemented within 30 days after the end of the quarter - Council resolution				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All strategic risks to be on an acceptable tolerance level				
Indicator Responsibility	Office of the Municipal Manager-Risk Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG002				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Risk Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Risk Management Policies developed and approved by council by 30 June 2025				
Definition	A policy framework on how to treat strategic risks.				
Purpose/Importance	Identification of strategic risks and implementation of mitigation strategies.				
Source/Collection of Data	Approved Risk Management Policy Council Resolution Minutes of Risk Management Committee				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Municipality with a control environment to ensure that risks are within the acceptable tolerance level				
Indicator Responsibility	Office of the Municipal Manager -Risk Management Unit				
Motivation for the adjustment	N/A				
Evidence	- Council Resolution - Approved Risk Management Policy				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG003				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Risk Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	15%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Risk Assessments conducted by 30 June 2025				
Definition	Assurance that risks assessment has been conducted by submission of reports.				
Purpose/Importance	To ensure that impact and likelihood of risks have been assessed				
Source/Collection of Data	- Strategic Risk Register and Operational Risk Register Assessment Report - Attendance Registers				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Updated risk registers wherein the risks are at an acceptable tolerance level.				
Indicator Responsibility	Office of the Municipal Manager -Risk Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG004				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	1	
Key Performance Indicator	Number of Risk Management Meetings held by 30 June 2025				
Definition	A committee where all the risks management related issues are discussed, and recommendations made to the accounting officer				
Purpose/Importance	To promote good governance, transparency and accountability				
Source/Collection of Data	• Invitations • Attendance Registers • Minutes				
Method of calculation	Count				
Data Limitation	Non-sitting of meetings				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Regular reporting on the activities of the Risk Management Committee				
Indicator Responsibility	Office of the Municipal Manager -Risk Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG005				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Risk Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Fraud Prevention Policy developed and approved by council by 30 June 2025				
Definition	A fraud prevention policy approved to mitigate against the activities that could results in fraud				
Purpose/Importance	To promote good governance, transparency and accountability				
Source/Collection of Data	- Approved Fraud Prevention Policy Council Resolution - Invitations - Minutes of Risk Management Committee meeting				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Environment-design for effective and efficient internal controls to curb against fraudulent activities				
Indicator Responsibility	Office of the Municipal Manager -Risk Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMGG006				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Internal Audit Plan developed and approved by Audit Committee by 31 August 2024				
Definition	An internal audit plan that will direct the activities of the Audit and Performance Audit Committee and Internal Audit Unit and Integrated Development Plan and Performance Management and Development Division for the year ahead approved.				
Purpose/Importance	An approved schedule of activities for an effective and efficient operations				
Source/Collection of Data	• Approved Internal Audit Plan • Invitations • Minutes of Audit and Performance Audit Committee Meeting • Attendance Registers				
Method of calculation	Count				
Data Limitation	Non-sitting of the committee				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A well-coordinated and synchronised operations				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG007				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		2
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	4
			Quarter 2	1	3
			Quarter 3	1	2
			Quarter 4	1	3
Achievement for the period under review			4	12	
Key Performance Indicator	Number of Audit Committee meetings held by 30 June 2025				
Definition	A committee of council that assist council to apply its oversight role				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Invitations • Attendance Registers • Minutes				
Method of calculation	Count				
Data Limitation	Non-sitting of the committee				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A well-coordinated and synchronised operations				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	

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Outcome Number	MMGG008				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Audit and Performance Audit Committee Charter developed and approved by 31 August 2024				
Definition	A charter to guide the activities of the Audit and Performance Audit Committee				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	- Approved Audit and Performance Audit Committee Charter - Council Resolution				
Method of calculation	Count				
Data Limitation	Non-sitting of the committee				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A well-coordinated and synchronised operations				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMGG009				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of reports on implementation of Internal Audit Plan issued by 30 June 2024				
Definition	A plan to guide the activities of the Internal Audit Unit’s activities				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Internal Audit Reports on implementation of the Approved Internal Audit Plan				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Regular reports to account on the activities of the Internal Audit Unit				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG010				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of reports issued on implementation of Internal Audit findings by management by 30 June 2024				
Definition	Findings issued by the internal audit unit recommending measures to be taken to ensure effective and efficient internal controls				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	- Internal Audit Tracking Registers - Follow up report				
Method of calculation	Count				
Data Limitation	Non-submission of responses				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Environmental-design conducive for effective and efficient internal controls				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG011				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		3
			Original Annual Target		3
			Adjusted Target		3
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	3	3
Achievement for the period under review			3	3	
Key Performance Indicator	Number of reports issued on implementation of Auditor General of South Africa audit findings on the Audit Report 2023/2024 by management per month				
Definition	Findings issued by the Auditor General of South Africa recommending measures to be taken to ensure effective and efficient internal controls				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	- Audit Action Plan - Internal Audit Follow Up Reports on Auditor General of South Africa Audit Action Plan				
Method of calculation	Count				
Data Limitation	Non-submission of responses				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Environmental-design conducive for effective and efficient internal controls				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMGG012				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency and accountability				
Key Focus Area	Internal Audit		Baseline Indicator		2
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Audit Action Plan developed to address Auditor General of South Africa Audit Findings on the Audit Report 2023/2024 and submitted to council for approval on or before 31 January 2025				
Definition	A plan developed and approved on how to implement measures to address Auditor General of South Africa audit findings towards clean audit				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	- Audit Action Plan - Internal Audit Follow Up Reports on Auditor General of South Africa Audit Action Plan				
Method of calculation	Count				
Data Limitation	Non-submission of responses				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Environmental-design conducive for effective and efficient internal controls				
Indicator Responsibility	Office of the Municipal Manager -Internal Audit Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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3.27.5.6 PUBLIC PARTICIPATION

Outcome Number	MMPP001				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Integrated Development Planning		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Integrated Development Review Process Plan 2024/2025 adopted by council by 31 August 2024				
Definition	A plan developed which consists of the institutional arrangements and programme of action to review the Integrated Development Plan and compilation of the Budget				
Purpose/Importance	To agree on the organisational structure and timeframes regarding the review of the Integrated Development Plan and the compilation of the Budget				
Source/Collection of Data	- Adopted Integrated Development Plan Review Process Plan 2024/2025 - Council Resolution - Invitations - Minutes of the Public Participation Process				
Method of calculation	Count				
Data Limitation	Non-sitting of council				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A coordinated and synchronised public participation in the municipal planning budgeting processes.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	

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Target Met	N/A	N/A

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Outcome Number	MMPP002				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Integrated Development Planning		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of reviewed Draft Integrated Development Plan 2024/2025 adopted by council by 31 March 2025				
Definition	An overall strategic plan of the municipality which informs all the development trajectory of the municipality during the term of the municipal council				
Purpose/Importance	To agree on the organisational structure and timeframes regarding the review of the Integrated Development Plan and the compilation of the Budget				
Source/Collection of Data	- Adopted Draft Integrated Development Plan 2025/2026 - Council Resolutions - Approved Integrated Development Plan Review Process Plan 2024/2025 - Invitations - Attendance registers Minutes of Various Meetings				
Method of calculation	Count				
Data Limitation	Non-sitting of council				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A single strategic plan for the municipality				
Motivation for the adjustment	N/A				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMPP003				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Integrated Development Planning		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of reviewed Integrated Development Plan 2025/2026 approved by council by 31 May 2025				
Definition	An overall strategic plan of the municipality which informs all the development trajectory of the municipality during the term of the municipal council				
Purpose/Importance	To agree on the organisational structure and timeframes regarding the review of the Integrated Development Plan and the compilation of the Budget				
Source/Collection of Data	- Approved Draft Integrated Development Plan 2024/2023 - Council Resolutions - Approved Integrated Development Plan Review Process Plan 2023/2024 - Invitations - Attendance registers Minutes of Various Meetings				
Method of calculation	Count				
Data Limitation	Non-sitting of council				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A single strategic plan for the municipality				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMPP004				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Performance Management and Development Systems		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Service Delivery and Budget Implementation Plan 2025/2026 developed and submitted to the Executive Mayor for approval by 14 June 2025				
Definition	A management tool for the implementation of the integrated development plan and the budget				
Purpose/Importance	To ensure that each municipal operational and capital vote expenditure addresses the key performance areas and objectives contained in the integrated development plan				
Source/Collection of Data	Approved Service Delivery and Budget Implementation Plan				
Method of calculation	Count				
Data Limitation	Non-sitting of council				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensures that the budget is spend in accordance with the integrated development				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMPP005				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Performance Management and Development Systems		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	5%	Quarter 1	1	0
			Quarter 2	N/A	N/A
			Quarter 3	N/A	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Performance Agreements for the financial year 2024/2025-with its Annexures, developed and signed between the Executive Mayor and the Municipal Manager by 30 July 2024				
Definition	A performance agreement between the Executive Mayor and the Municipal Manager with clear key performance indicators and targets				
Purpose/Importance	To clarify the expectations between the Executive Mayor and the Municipal Manager for the year ahead				
Source/Collection of Data	- Signed Performance Agreement - Signed Performance Plan - Signed Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-submission of the signed agreement and annexures				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensures that the Municipal Manager achieves all the targets set for all the key performance indicators				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Performance Agreements developed but not signed		Ensure that performance agreements are signed		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Met	N/A	N/A

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Outcome Number	MMPP006				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Performance Management and Development Systems		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	4	0
			Quarter 2	N/A	N/A
			Quarter 3	1	4
			Quarter 4	N/A	N/A
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Performance Agreements for the financial year 2024/2025-with its Annexures, developed and signed between the Municipal Manager and Senior Managers by 30 July 2025				
Definition	A performance agreement between the Directors and the Municipal Manager with clear key performance indicators and targets				
Purpose/Importance	To clarify the expectations between the Directors and the Municipal Manager for the year ahead				
Source/Collection of Data	- Signed Performance Agreement - Signed Performance Plan - Signed Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-submission of the signed agreement and annexures				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensures that the Directors achieves all the targets set for all the key performance indicators				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Performance Agreements developed but not signed		Ensure that performance agreements are signed		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Met	N/A	N/A

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Outcome Number	MMPP007				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Performance Management and Development Systems		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	4	4
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Performance Agreements for the financial year 2024/2025-with its Annexures, developed and signed between the Municipal Manager and Managers and Supervisors in the Office of the Municipal Manager by 30 July 2024				
Definition	A performance agreement between the Managers and the Municipal Manager with clear key performance indicators and targets				
Purpose/Importance	To clarify the expectations between the Managers and the Municipal Manager for the year ahead				
Source/Collection of Data	- Signed Performance Agreement - Signed Performance Plan - Signed Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-submission of the signed agreement and annexures				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensures that the Directors achieves all the targets set for all the key performance indicators				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMPP008				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Reporting		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	1	
Key Performance Indicator	Number of quarterly reports submitted to council within 30 days after the end of each quarter				
Definition	Reports submitted to council as per Section 52(d) of the Municipal Finance Management Act, 56 of 2003				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	- Quarterly Section 52(d) Reports submitted to council - Council Resolution - Portfolio of Evidence				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensure that monitoring and evaluation is being implemented.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMPP009				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Reporting		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Annual Performance Report 2023/2024 submitted to council by 31 July 2024 and to Auditor General of South Africa by the 31 August 2024				
Definition	Reports submitted to council as per Section 46 of the Municipal Systems Act, 32 of 2000				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	• Section 46 Report submitted to council • Council Resolution				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensure that monitoring and evaluation is being implemented.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	MMPP010				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Reporting		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of draft Annual Report 2023/2024 tabled to council by 31 January 2025				
Definition	Reports submitted to council as per Section 121 of the Municipal Finance Management Act, 56 of 2003				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	• Tabled Annual Report 2023/2024 • Resolution				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensure that monitoring and evaluation is being implemented.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMPP011				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Public Participation		Baseline Indicator		1
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	1	0
			Quarter 2	1	0
			Quarter 3	1	6
			Quarter 4	1	4
Achievement for the period under review			4	10	
Key Performance Indicator	Number of quarterly community meetings on the progress report on the implementation of the Integrated Development Plan 2024/2025, Budget 2024/2025 and Service Delivery and Budget Implementation Plan 2024/2025 within 30 days after the end of each quarter				
Definition	Meeting held by the Executive Mayor with communities as feedback on the implementation of the integrated development plan and budget				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	- Public Notices - Attendance Registers - Minutes				
Method of calculation	Count				
Data Limitation	Failure to hold meetings				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To enhance community participation in municipal planning and budgeting processes.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	Due to the Office of the Presidency holding the National Heritage Day in our municipality, the activity clashed with the municipal planning and the activity had to be postponed			Ensure that sector department aligns their activities to that of the municipality as per the municipal approved Integrated Development Plan Review Process Plan with Programme of Action and Budget Timelines	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	Management focused more on regulatory audit in trying to move to a more favourable audit opinion			Ensure that compliance is adhered to	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	

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Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Extremely Met	N/A	N/A
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Extremely Met	N/A	N/A

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Outcome Number	MMPP012				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Reporting		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Mid-year Budget and Performance Assessment Reports tabled to council by 31 January 2025				
Definition	Reports submitted to council as per Section 72 of the Municipal Finance Management Act, 56 of 2003				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	• Tabled Mid-Year Budget and Performance Assessment Report • Council Resolution				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensure that monitoring and evaluation is being implemented.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Indicator not for the period under review	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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Outcome Number	MMPP013				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Performance Management and Development Systems		Baseline Indicator		1
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of formal appraisal sessions held with Senior Managers reporting directly to the Municipal Manager				
Definition	A meeting where the Appraisal Committee discussed the performance of all the senior managers.				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	• Invitation • Quarterly Performance Report • Portfolio of Evidence • Council Resolution				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	To ensure that monitoring and evaluation is being implemented.				
Indicator Responsibility	Office of the Municipal Manager -Integrated Development Planning and Performance Management and Development Systems Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	

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3.27.6 DIRECTOR OF TECHNICAL SERVICES' TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2024/2025

3.27.6.1 BASIC SERVICES

Output Number	DTBS001						
Key Performance Area	Basic Service						
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard						
Key Focus Area	Water and Sanitation Infrastructure	Baseline Indicator	71%				
		Annual Target	80%				
		Adjustment Target	71%				
			Target	Actual			
	Weighting	10%	Quarter 1	80%		75%	
			Quarter 2	80%		75%	
			Quarter 3	71%		75%	
			Quarter 4	71%		75%	
Achievement for the period under review						71%	75%
Key Performance Indicator	Percentage of households with access to basic sanitation						
Definition	The basic sanitation service standards provided to the communities						
Purpose/Importance	That each household is provided with quality basic sanitation						
Source/Collection of Data	• Total number of households in the municipality per valuation roll and new developments figures-denominator • Actual households in the municipality provided with the basic sanitation service levels in terms of RDP standards on the layout plans of all the towns and townships-numerator						
Method of calculation	Count						
Data Limitation	Non-submission of reports						
Type of Data	Non-Cumulative						
Calculation Type	Percentage						
	Setsoto Sanitation Provision 2024/2025						
	Service Level			Number			
	Households with access			23 206			
	Interim Valuation Roll			31 141			
	Percentage access			75%			
	Backlog			7 935			
Reporting Cycle	Quarterly						
New Indicator	Revised						
Desired Performance	All households receive basic sanitation services						
Indicator Responsibility	Department of Technical Services-Water and Sanitation Operations and Maintenance Division						
Motivation for the adjustment	N/A						
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance					
Met	N/A	N/A					

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Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance
Met	N/A	N/A
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance
Met	N/A	N/A
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Met	N/A	N/A
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Met	N/A	N/A

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Output Number	DTBS002				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		100%
			Annual Target		100%
			Adjustment Target		100%
				Target	Actual
	Weighting	10%	Quarter 1	100%	94%
			Quarter 2	100%	94%
			Quarter 3	100%	94%
			Quarter 4	100%	94%
Achievement for the period under review			100%	94%	
Key Performance Indicator	Percentage of household with access to basic water supply				
Definition	The basic water service standards provided to the communities				
Purpose/Importance	That each household is provided with quality basic water				
Source/Collection of Data	- Total number of households in the municipality per valuation roll and new developments figures-denominator - Actual households in the municipality provided with the basic water service levels within the 200-meter radius on the layout plans of all the towns and townships-numerator				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-Cumulative				
Calculation Type	Percentage				
	Setsoto Sanitation Provision 2024/2025				
	Service Level		Number		
	Households with access		29 517		
	Interim Valuation Roll		31 141		
	Percentage access		94%		
	Backlog		1 624		
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All households receive basic water services				
Indicator Responsibility	Department of Technical Services-Water and Sanitation Operations and Maintenance Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Denominator was not common for all the basic services		Used the valuation roll and new township establishment to determine the current common denominator for all basic services		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		

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Target Almost Met	Denominator was not common for all the basic services	Used the valuation roll and new township establishment to determine the current common denominator for all basic services
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Denominator was not common for all the basic services	Used the valuation roll and new township establishment to determine the current common denominator for all basic services
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Denominator was not common for all the basic services	Used the valuation roll and new township establishment to determine the current common denominator for all basic services
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Some of the new development was not provided with basic water provision	New development in Senekal has been provided with tankering services from De Put Plant while the asbestos pipeline is being replaced to connect the new Water treatment Plant to the 11ML reservoir.

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Output Number	DTBS003				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Water and Sanitation Infrastructure		Baseline Indicator		4
			Annual Target		4
			Adjustment Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	0
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	3	
Key Performance Indicator	Number of awareness campaigns on water conservation and demand management conducted annually				
Definition	To capacitate communities on the usage and preservation of water				
Purpose/Importance	To provide capacity building				
Source/Collection of Data	- Notices - Attendance Registers - Reports				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Knowledgeable communities on water usage and preservation				
Indicator Responsibility	Department of Technical Services-Water and Sanitation Bulk, Operations and Maintenance Divisions				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.			Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.			Planning should focus on SMART Principles to ensure that only those indicators and targets	

		identified and budgeted for are included in the performance plans.

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Output Number	DTBS004																											
Key Performance Area	Basic Service																											
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard																											
Key Focus Area	Electricity, Energy Efficiency and Renewable Energy		Baseline Indicator		96%																							
			Annual Target		96%																							
			Adjustment Target		96%																							
				Target	Actual																							
	Weighting	10%	Quarter 1	96%	94%																							
			Quarter 2	96%	94%																							
			Quarter 3	96%	94%																							
			Quarter 4	96%	94%																							
Achievement for the period under review			96%	94%																								
Key Performance Indicator	Percentage of household with access to basic electricity supply																											
Definition	Household with basic electricity service level connected to the grid																											
Purpose/Importance	To provide capacity building																											
Source/Collection of Data	• Total number of households in the municipality per valuation roll and new developments figures-denominator • Actual households in the municipality provided with the basic electricity service levels on the layout plans of all the towns and townships-numerator																											
Method of calculation	Count																											
Data Limitation	Non-submission of data																											
Type of Data	Noncumulative																											
Calculation Type	Percentage																											
	<table><tr><td colspan="3">Setsoto Electricity Provision</td></tr><tr><td colspan="2">Service Levels</td><td colspan="2">Number</td></tr><tr><td colspan="2">Household with access</td><td colspan="2">29 134</td></tr><tr><td colspan="2">Interim Valuation Roll</td><td colspan="2">31 141</td></tr><tr><td colspan="2">Percentage access</td><td colspan="2">94%</td></tr><tr><td colspan="2">Backlog</td><td colspan="2">2 007</td></tr></table>					Setsoto Electricity Provision			Service Levels		Number		Household with access		29 134		Interim Valuation Roll		31 141		Percentage access		94%		Backlog		2 007	
	Setsoto Electricity Provision																											
	Service Levels		Number																									
	Household with access		29 134																									
	Interim Valuation Roll		31 141																									
	Percentage access		94%																									
Backlog		2 007																										
Reporting Cycle	Quarterly																											
New Indicator	Revised																											
Desired Performance	All household receives basic electricity service level connected to the grid																											
Indicator Responsibility	Department of Technical Services-Electricity Services Division																											
Motivation for the adjustment	N/A																											
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance																									
Target Almost Met	Denominator was not common for all the basic services		Used the valuation roll and new township establishment to determine the current common denominator for all basic services																									
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance																									
Target Almost Met	Denominator was not common for all the basic services		Used the valuation roll and new township establishment to determine the current common denominator for all basic services																									

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Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Denominator was not common for all the basic services	Used the valuation roll and new township establishment to determine the current common denominator for all basic services
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	Denominator was not common for all the basic services	Used the valuation roll and new township establishment to determine the current common denominator for all basic services
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	We applied to Eskom to electrify the new developments. Some of the sites were not occupied at the time of electrification which led to the underperformance.	Council took a resolution to inform all the site holders to occupy their sites, failing which the sites would revert back to council for reallocation, and a new application will be lodged with ESKOM for electrification.

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Output Number	DTBS005				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Electricity, Energy Efficiency and Renewable Energy		Baseline Indicator		4
			Annual Target		4
			Adjustment Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	0
Achievement for the period under review			4	3	
Key Performance Indicator	Number of public awareness campaigns on energy savings and efficiency conducted annually				
Definition	To capacitate communities on the electricity usage				
Purpose/Importance	To provide capacity building				
Source/Collection of Data	• Notices • Attendance Registers • Reports				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Knowledgeable communities on electricity usage				
Indicator Responsibility	Department of Technical Services-Electricity Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets		

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		identified and budgeted for are included in the performance plans.

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Output Number	DTBS006				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Roads and Stormwater Infrastructure		Baseline Indicator		3.3 km
			Annual Target		3.5 km
			Adjustment Target		3.5 km
				Target	Actual
	Weighting	15%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	3.5 km	0
Achievement for the period under review			3.5 km	0	
Key Performance Indicator	Number of kilometre of gravel roads converted to paving/surfaced roads annually.				
Definition	Roads that are upgraded to paving				
Purpose/Importance	Ensure accessible road infrastructure				
Source/Collection of Data	• Consultant Appointment Letter • Contractors Appointment Letter • Site Establishment Meeting Minutes • Programme of Works • Completion certificate				
Method of calculation	Measurement				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Completed paved road				
Indicator Responsibility	Department of Technical Services-Roads and Stormwater Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A				
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		During the Budget Speech for 2025/2026, the Executive Mayor reprioritised by ring-fencing the budget for repairs and maintenance for roads.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		During the Budget Speech for 2025/2026, the Executive Mayor reprioritised by ring-fencing the budget for repairs and maintenance for roads.		

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Output Number	DTBS007				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Fleet Management		Baseline Indicator		40
			Annual Target		40
			Adjustment Target		40
				Target	Actual
	Weighting	5%	Quarter 1	10	6
			Quarter 2	10	6
			Quarter 3	10	7
			Quarter 4	10	7
Achievement for the period under review			40	26	
Key Performance Indicator	Number of White and Yellow vehicles Serviced.				
Definition	Municipal fleet serviced				
Purpose/Importance	Ensure working				
Source/Collection of Data	• Consultant Appointment Letter • Contractors Appointment Letter • Site Establishment Meeting Minutes • Programme of Works • Completion certificate				
Method of calculation	Report on vehicles Serviced and Service Book.				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Serviced and working fleet				
Indicator Responsibility	Department of Technical Services-Fleet Management Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		The municipality together with Wesbank have developed SOP that enforces that all old fleet without service book when going in for repairs Wesbank should then issue then with service books for regular service schedules.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		The municipality together with Wesbank have developed SOP that enforces that all old fleet without service book when going in for repairs Wesbank should then issue then with service books for regular service schedules.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		

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Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.	The municipality together with Wesbank have developed SOP that enforces that all old fleet without service book when going in for repairs Wesbank should then issue then with service books for regular service schedules.
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.	The municipality together with Wesbank have developed SOP that enforces that all old fleet without service book when going in for repairs Wesbank should then issue then with service books for regular service schedules.
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Not Met	Some of the old fleet did not have service plan books and went only for repairs after breakdown not as per service schedules.	The municipality together with Wesbank have developed SOP that enforces that all old fleet without service book when going in for repairs Wesbank should then issue then with service books for regular service schedules.

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Output Number	DTBS008				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Planning and Property Development		Baseline Indicator		4
			Annual Target		4
			Adjustment Target		4
				Target	Actual
	Weighting	15%	Quarter 1	1	0
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	3	
Key Performance Indicator	Number of Municipal Planning Tribunal Seatings held				
Definition	A committee responsible for land use management				
Purpose/Importance	Ensuring that land is used for purposes intended for				
Source/Collection of Data	• Invitation • Attendance Register • Minutes				
Method of calculation	Count				
Data Limitation	Non-sitting of the committee				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Serviced and working fleet				
Indicator Responsibility	Department of Technical Services-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	The committee was not functional due to the suspension of the director and the delay in the appointment of the acting director.			The acting director was appointed, and the committee has been functioning optimally ever since.	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	The suspension of the Director Technical Services during the first quarter of the financial year hampered the work of the tribunal			Council appointed acting directors per legislation and thereafter the work of the committee was executed unhindered.	

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Output Number	DTBS009				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Planning and Property Development		Baseline Indicator		1
			Annual Target		1
			Adjustment Target		1
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	5
			Quarter 4	1	0
Achievement for the period under review			1	5	
Key Performance Indicator	Number of New Townships developed and proclaimed				
Definition	New development for sustainable human settlements				
Purpose/Importance	Ensure security of tenure and housing				
Source/Collection of Data	- Approved Layout in Ficksburg-Katlehong 1 and 2, Majoteng and Oustad - Township Establishment Approval				
Method of calculation	Count				
Data Limitation	Lack of funding and land availability				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Proclaimed township for erven allocation				
Indicator Responsibility	Department of Technical Services-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	There was a delay from the Surveyor General with the approval of the general plan.			From now on send letters signed by the accounting officer to sensitize the Surveyor General about the importance of the matters.	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	

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Output Number	DTBS010				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Planning and Property Development		Baseline Indicator		4
			Original Annual Target		2
			Adjustment Target		3
				Target	Actual
	Weighting	5%	Quarter 1	N/A	5
			Quarter 2	N/A	0
			Quarter 3	N/A	N/A
			Quarter 4	3	0
Achievement for the period under review			3	5	
Key Performance Indicator	Number of ablution facilities renovated in all four towns of the municipality				
Definition	Ablution facilities in all towns maintained				
Purpose/Importance	Clean environment				
Source/Collection of Data	Before and after photos				
Method of calculation	Count				
Data Limitation	Lack of funding				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Clean and usable ablution facilities				
Indicator Responsibility	Department of Technical Services-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	

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Output Number	DTBS011				
Key Performance Area	Basic Service				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Planning and Property Development		Baseline Indicator		2
			Original Annual Target		2
			Adjustment Target		3
				Target	Actual
	Weighting	5%	Quarter 1	N/A	1
			Quarter 2	1	0
			Quarter 3	N/A	N/A
			Quarter 4	1	0
Achievement for the period under review			3	1	
Key Performance Indicator	Number of community halls renovated within the four towns of the municipality				
Definition	Community halls in all towns maintained				
Purpose/Importance	Clean environment				
Source/Collection of Data	Before and after photos				
Method of calculation	Count				
Data Limitation	Lack of funding				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Clean and usable community halls				
Indicator Responsibility	Department of Technical Services-Urban Planning and Human Settlement Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance	
Target Extremely Met	N/A			N/A	
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance	
Not Met	N/A			N/A	
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance	
Target not for the period under review	N/A			NA	
Level of achievement Quarter 4	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.			During the Budget Speech for 2025/2026, the Executive Mayor reprioritised by ring-fencing the budget for repairs and maintenance for halls.	
Annual Achievement	Reasons for the variance			Measures taken to address underperformance	
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.			During the Budget Speech for 2025/2026, the Executive Mayor reprioritised by ring-fencing the budget for repairs and maintenance for halls.	

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3.27.6.2 LOCAL ECONOMIC DEVELOPMENT

Output Number	DTFLED001				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Local Economic Development		Baseline Indicator		2
			Annual Target		2
			Adjustment Target		2
				Target	Actual
	Weighting	50%	Quarter 1	N/A	N/A
			Quarter 2	1	0
			Quarter 3	N/A	N/A
			Quarter 4	1	0
Achievement for the period under review			2	0	
Key Performance Indicator	Number of public awareness campaigns on contractor development				
Definition	Meetings of workshops held on contractor development				
Purpose/Importance	Ensure that contractors are capacitated				
Source/Collection of Data	• Invitations • Attendance Registers				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Bi-annually				
New Indicator	Revised				
Desired Performance	Knowledgeable and capable contractors				
Indicator Responsibility	Department of Technical Service-Project Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.	Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.

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Output Number	DTFLED002				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
N/A	N/A		Baseline Indicator	11	
			Annual Target	15	
			Adjustment Target	15	
				Target	Actual
	Weighting	50%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	15	4
Achievement for the period under review				15	4
Key Performance Indicator	Number of local sub-contractors appointed				
Definition	Awarding tenders to local sub-contractors				
Purpose/Importance	Ensuring local economic development				
Source/Collection of Data	Appointment Letters from main contractors				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Capacitated local sub-contractors				
Indicator Responsibility	Department of Technical Service-Project Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.		

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3.27.6.3 INSTITUTIONAL CAPACITY

Output Number	DTIC001					
Key Performance Area	Institutional Capacity					
Predetermined Objective	Building institutional resilience and administrative capability					
Key Focus Area	Monitoring and Evaluation and Performance Management and Development System		Baseline Indicator		20	
			Annual Target		20	
			Adjustment Target		20	
				Target	Actual	
	Weighting	10%	Quarter 1	5	0	
			Quarter 2	5	0	
			Quarter 3	5	0	
			Quarter 4	5	0	
Achievement for the period under review				20	0	
Key Performance Indicator	Number of performance appraisals for all managers conducted annually					
Definition	Performance assessment of managers					
Purpose/Importance	Good governance, transparency and accountability					
Source/Collection of Data	• Invitations • Attendance Registers • Quarterly Performance Report					
Method of calculation	Count					
Data Limitation	Non-sitting of Moderation Committees					
Type of Data	Cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Effective monitoring and evaluation process					
Indicator Responsibility	Director Corporate Services					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance			Measures taken to address underperformance		
Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.			All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.		
Level of achievement Quarter 2	Reasons for the variance			Measures taken to address underperformance		
Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.			All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.		
Level of achievement Quarter 3	Reasons for the variance			Measures taken to address underperformance		

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Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.	All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.	All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.	All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.

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Output Number	DTIC002			
Key Performance Area	Institutional Capacity			
Predetermined Objective	Building institutional resilience and administrative capability			
Key Focus Area	Monitoring and Evaluation and Performance Management and Development System	Baseline Indicator		5
		Annual Target		5
		Adjustment Target		5
			Target	Actual
	Weighting	30%	Quarter 1	5
			Quarter 2	N/A
			Quarter 3	N/A
			Quarter 4	N/A
Achievement for the period under review			5	0
Key Performance Indicator	Number of Performance Agreements signed between the Director and Managers within the department annually by the 31 August 2024			
Definition	An agreement to measure performance			
Purpose/Importance	Good governance, transparency and accountability			
Source/Collection of Data	Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan			
Method of calculation	Count			
Data Limitation	Non-compliance			
Type of Data	Non-cumulative			
Calculation Type	Number			
Reporting Cycle	Annually			
New Indicator	Revised			
Desired Performance	Effective monitoring and evaluation process			
Indicator Responsibility	- Director Corporate Services - Divisional Managers			
Motivation for the adjustment	N/A			
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance	
Target Not Met	The director and managers did not sign performance agreements as required by law.		All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.	
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance	
Target not for the period under review	N/A		N/A	
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance	
Target not for the period under review	N/A		NA	
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance	
Target not for the period under review	N/A		NA	
Annual Achievement	Reasons for the variance		Measures taken to address underperformance	

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	The director and managers did not sign performance agreements as required by law.	All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.

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Output Number	DTIC003				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring and Evaluation and Performance Management and Development System		Baseline Indicator		1
			Annual Target		1
			Adjustment Target		N/A
				Target	1
	Weighting	30%	Quarter 1	1	0
			Quarter 2	N/A	N/A
			Quarter 3	N/A	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Performance Agreements signed between the Municipal Manager and the Director within the department annually by the 31 July 2024				
Definition	An agreement to measure performance				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-compliance				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Effective monitoring and evaluation process				
Indicator Responsibility	- Municipal Manager - Director Technical Services				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	The director and municipal managers did not sign performance agreements as required by law as the director was on suspension.		The municipal Manager should sign a performance agreement with the acting director.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DTIC004				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Employee Development		Baseline Indicator		30
			Annual Target		30
			Adjustment Target		30
				Target	Actual
	Weighting	30%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	30	0
Achievement for the period under review			30	0	
Key Performance Indicator	Number of accredited trainings conducted on Water and Sewer Management, Roads and Stormwater Infrastructure, Labour Intensive Construction and Professional Registrations				
Definition	Training on capacitation of the workforce				
Purpose/Importance	Training and capacity building				
Source/Collection of Data	- List of accredited training conducted - Certificates				
Method of calculation	Count				
Data Limitation	Unavailable Skills Audit Report				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Effective monitoring and evaluation process				
Indicator Responsibility	Resilient and administrative capable institution				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		NA		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets identified and budgeted for are included in the performance plans.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Due to budgetary constraints, not all the indicators and targets were implemented.		Planning should focus on SMART Principles to ensure that only those indicators and targets		

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		identified and budgeted for are included in the performance plans.

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3.27.6.4 FINANCIAL MANAGEMENT

Output Number	DTFM001				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		43%
			Annual Target		43%
			Adjustment Target		43%
				Target	Actual
	Weighting	10%	Quarter 1	43%	13%
			Quarter 2	43%	20%
			Quarter 3	43%	31%
			Quarter 4	43%	29%
Achievement for the period under review			43%	24%	
Key Performance Indicator	Percentage water losses annually				
Definition	Water that is not accounted for				
Purpose/Importance	Identification of water that got lost				
Source/Collection of Data	- Water purified and billed for-denominator - Water paid for-numerator				
Method of calculation	Count				
Data Limitation	Lack of data				
Type of Data	Cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All water purified and billed accounted for				
Indicator Responsibility	Department of Technical Services-				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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Output Number	DTFM002				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Focus Area	Financial Management		Baseline Indicator		7%
			Annual Target		7%
			Adjustment Target		7%
				Target	Actual
	Weighting	30%	Quarter 1	7%	3%
			Quarter 2	7%	7%
			Quarter 3	7%	9%
			Quarter 4	7%	9%
Achievement for the period under review			7%	8%	
Key Performance Indicator	Percentage electricity losses annually				
Definition	Electricity that is not accounted for				
Purpose/Importance	Identification of electricity that got lost				
Source/Collection of Data	- Monthly Reports on Water Losses, Eskom Invoice, prepaid token sold - Number of non-functional electricity meters replaced.				
Method of calculation	- Electricity purchased and billed for-denominator - Electricity paid for-numerator				
Data Limitation	Lack of data				
Type of Data	Cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All water purified and billed accounted for				
Indicator Responsibility	Department of Technical Services-Bulk, Operations and Maintenance Divisions				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	- The losses are either technical or non-technical. - Technical losses are the losses that occur within the distribution network due to the cables, overhead lines, transformers, and other substation equipment that are used to transfer electricity. - Non-Technical losses are electricity that are consumed but not billed.		Conduct meter functionality audit and replace all faulty meters		

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	This is due to the consumer being unknown or there illegal connected and/or the is an error in unmetered supplies.	
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	- The losses are either technical or non-technical. - Technical losses are the losses that occur within the distribution network due to the cables, overhead lines, transformers, and other substation equipment that are used to transfer electricity. - Non-Technical losses are electricity that are consumed but not billed. - This is due to the consumer being unknown or there illegal connected and/or the is an error in unmetered supplies.	Conduct meter functionality audit and replace all faulty meters
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Almost Met	- The losses are either technical or non-technical. - Technical losses are the losses that occur within the distribution network due to the cables, overhead lines, transformers, and other substation equipment that are used to transfer electricity. - Non-Technical losses are electricity that are consumed but not billed. - This is due to the consumer being unknown or there illegal connected and/or the is an error in unmetered supplies.	Conduct meter functionality audit and replace all faulty meters

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Output Number	DTFM003				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		4
			Annual Target		4
			Adjustment Target		4
				Target	Actual
	Weighting	20%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Municipal Infrastructure Grant (MIG) quarterly reports				
Definition	Report on the grant implementation				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	Signed Quarterly Reports				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Regular submission of reports				
Indicator Responsibility	Department of Technical Services-Project Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DTFM004				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
N/A	Financial Management		Baseline Indicator		4
			Original Annual Target		4
			Adjustment Target		4
				Target	Actual
	Weighting	20%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Regional Bulk Infrastructure Grant (RBIG) Quarterly reports				
Definition	Report on the grant implementation				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	Signed Quarterly Reports				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Regular submission of reports				
Indicator Responsibility	Department of Technical Services-Project Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DTFM005				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
N/A	Financial Management		Baseline Indicator	4	
			Original Annual Target	4	
			Adjustment Target	4	
				Target	Actual
			Quarter 1	1	1
	Weighting	20%	Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Water Services Infrastructure Grant (WSIG) Quarterly reports				
Definition	Report on the grant implementation				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	• Signed Quarterly Reports				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Regular submission of reports				
Indicator Responsibility	Department of Technical Services-Project Management Unit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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3.27.6.5 GOOD GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Output Number	DTGG001				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting good governance, transparency, and accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjustment Target		4
				Target	Actual
	Weighting	20%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Fraud Risk Register implemented and updated				
Definition	A register of identified risks				
Purpose/Importance	To identify effective and efficient internal controls				
Source/Collection of Data	Updated Strategic Risk Register				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Mitigated strategic risks				
Indicator Responsibility	Office of the Municipal Manager-Risk Management Division				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DTGG002			
Key Performance Area	Good Governance, Transparency and Accountability			
Predetermined Objective	Promoting good governance, transparency, and accountability			
Key Focus Area	Internal Audit		Baseline Indicator	4
			Original Annual Target	4
			Adjustment Target	4
			Quarter 1	1
			Quarter 2	1
			Quarter 3	1
			Quarter 4	1
Weighting		20%		
Achievement for the period under review				4
Key Performance Indicator	Number of reports issued on implementation of Internal Audit findings by management by 30 June 2025			
Definition	Informal internal audit findings on the ineffective and inefficient internal controls			
Purpose/Importance	To identify effective and efficient internal controls			
Source/Collection of Data	- Internal Audit Tracking Registers - Follow up report			
Method of calculation	Count			
Data Limitation	Non-submission of data			
Type of Data	Cumulative			
Calculation Type	Number			
Reporting Cycle	Quarterly			
New Indicator	Revised			
Desired Performance	Effective and efficient internal controls			
Indicator Responsibility	Office of the Municipal Manager-Internal Audit Unit			
Motivation for the adjustment	N/A			
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance	
Target Met	N/A		N/A	
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance	
Target Met	N/A		N/A	
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance	
Target Met	N/A		N/A	
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance	
Target Met	N/A		N/A	
Annual Achievement	Reasons for the variance		Measures taken to address underperformance	
Target Met	N/A		N/A	

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Output Number	DTGG003					
Key Performance Area	Good Governance, Transparency and Accountability					
Predetermined Objective	Promoting good governance, transparency, and accountability					
Key Focus Area	External Audit		Baseline Indicator		1	
			Original Annual Target		1	
			Adjustment Target		1	
				Target	Actual	
	Weighting	20%	Quarter 1		N/A	N/A
			Quarter 2		N/A	N/A
			Quarter 3		1	1
			Quarter 4		N/A	N/A
Achievement for the period under review					1	1
Key Performance Indicator	Number of Audit Action Plan developed to address Auditor General of South Africa Audit Findings on the Audit Report 2023/2024 and submitted to council for approval on or before 31 January 2025					
Definition	Informal internal audit findings on the ineffective and inefficient internal controls					
Purpose/Importance	To identify effective and efficient internal controls					
Source/Collection of Data	- Auditor General Tracking Registers - Follow up report					
Method of calculation	Count					
Data Limitation	Non-submission of data					
Type of Data	Cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Clean Audit					
Indicator Responsibility	Office of the Municipal Manager-Internal Audit Unit					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance				
Target not for the period under review	N/A	N/A				
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance				
Target not for the period under review	N/A	N/A				
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance				
Target Met	N/A	N/A				
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance				
Target not for the period under review	N/A	N/A				
Annual Achievement	Reasons for the variance	Measures taken to address underperformance				
Target Met	N/A	N/A				

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Output Number	DTGG004					
Key Performance Area	Good Governance, Transparency and Accountability					
Predetermined Objective	Promoting good governance, transparency, and accountability					
Key Focus Area	External Audit		Baseline Indicator		2	
			Original Annual Target		2	
			Adjustment Target		2	
				Target	Actual	
	Weighting	20%	Quarter 1		N/A	N/A
			Quarter 2		N/A	N/A
			Quarter 3		1	1
			Quarter 4		1	1
Achievement for the period under review					2	2
Key Performance Indicator	Number of reports issued on implementation of Auditor General of South Africa audit findings on the Audit Report 2023/2024 by management by 30 June 2025					
Definition	Informal internal audit findings on the ineffective and inefficient internal controls					
Purpose/Importance	To identify effective and efficient internal controls					
Source/Collection of Data	Progress Report on the Implementation of the Audit Action Plan					
Method of calculation	Count					
Data Limitation	Non-submission of data					
Type of Data	Cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Clean Audit					
Indicator Responsibility	Office of the Municipal Manager-Internal Audit Unit					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			

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Output Number	DTGG005					
Key Performance Area	Good Governance, Transparency and Accountability					
Predetermined Objective	Promoting good governance, transparency, and accountability					
Key Focus Area	Risk Management		Baseline Indicator		4	
			Original Annual Target		4	
			Adjustment Target		4	
				Target	Actual	
	Weighting	20%	Quarter 1		1	1
			Quarter 2		1	1
			Quarter 3		1	1
			Quarter 4		1	1
Achievement for the period under review					4	4
Key Performance Indicator	Number of Strategic Risk Register implemented and updated					
Definition	A report on a register of identified risks					
Purpose/Importance	To identify effective and efficient internal controls					
Source/Collection of Data	Updated Strategic Risk Register					
Method of calculation	Count					
Data Limitation	Non-submission of data					
Type of Data	Cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Regular report on mitigated strategic risks					
Indicator Responsibility	Office of the Municipal Manager-Risk Management Division					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			

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10.27.7 DIRECTOR OF COMMUNITY SERVICES' TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2024/2025

10.27.7.1 BASIC SERVICES

Output Number	DCBS001				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Solid waste management		Baseline Indicator		92%
			Original Annual Target		95%
			Adjusted Target		95%
				Target	Actual
	Weighting	25%	Quarter 1	95%	95%
			Quarter 2	95%	95%
			Quarter 3	95%	95%
			Quarter 4	95%	95%
Achievement for the period under review			95%	95%	
Key Performance Indicator	Percentage of households with access to basic solid waste removal at least once a week				
Definition	Households within the municipality receiving basic solid waste management services				
Purpose/Importance	Provision of basic refuse removal at least once a week				
Source/Collection of Data	• Job cards • Routes • Weekly Reports				
Method of calculation	• Total number of households in the municipality per valuation roll and new developments figures-denominator • Actual households in the municipality provided with the basic refuse removal service at least once a week depicted on the layout plans of all the towns per divisional routes-numerator				
Data Limitation	In terms of Statistics Act, 1999, states that: 3. (1) The purpose of official statistics is to assist organs of state, businesses, other organisations or the public in— (a) planning. (b) decision-making or other actions; (c) monitoring or assessment of policies, decision-making or other actions. Considering the above section, the official data used for 3(1)(a) -(c) above excludes any information produced by any organ of states in-between censuses or community surveys, unless such information has been submitted to Statistic South Africa and as per Section 7(1), which states: (e) determines and exercises final responsibility regarding the implementation of the work programme of Statistics South Africa, including—				

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	(i) the collection, compilation and analysis of official statistics in accordance with the purpose of official statistics and the statistical principles contemplated in section 3; (ii) the times when and the manner in which statistical collections are undertaken and the form of any document pertaining thereto. (iii) the manner in which data are processed, documented and stored. (iv) the form, extent and timing of the release of statistical information; (v) development work in statistics; and (vi) the discontinuance of a statistical collection. which has not been certified as official statistics in terms of the South African Statistical Quality Assessment Framework (SASQAF) which assist in evaluating, ranking and certification of national data into official data, reviews of which are performed by Data Quality Assessment Team (DQAT).													
Type of Data	Non-cumulative													
Calculation Type	Percentage													
	<table><tr><th colspan="2">Setsoto Electricity Provision</th></tr><tr><th>Service Levels</th><th>Number</th></tr><tr><td>Household with access</td><td>29 518</td></tr><tr><td>Interim Valuation Roll</td><td>31 141</td></tr><tr><td>Percentage access</td><td>95%</td></tr><tr><td>Backlog</td><td>1 623</td></tr></table>		Setsoto Electricity Provision		Service Levels	Number	Household with access	29 518	Interim Valuation Roll	31 141	Percentage access	95%	Backlog	1 623
Setsoto Electricity Provision														
Service Levels	Number													
Household with access	29 518													
Interim Valuation Roll	31 141													
Percentage access	95%													
Backlog	1 623													
Reporting Cycle	Quarterly													
New Indicator	Revised													
Desired Performance	All households received basic refuse removal at least once a week													
Motivation for the adjustment	N/A													
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance												
Met	N/A	N/A												
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance												
Met	N/A	N/A												
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance												
Met	N/A	N/A												
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance												
Met	N/A	N/A												
Annual Achievement	Reasons for the variance	Measures taken to address underperformance												
Met	N/A	N/A												

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Output Number	DCBS002					
Key Performance Area	Basic Services					
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard					
Key Focus Area	Parks, Sport and Recreation		Baseline Indicator		7	
			Original Annual Target		7	
			Adjusted Target		7	
				Target	Actual	
	Weighting	25%	Quarter 1		7	7
			Quarter 2		7	7
			Quarter 3		7	7
			Quarter 4		7	7
Achievement for the period under review				7	7	
Key Performance Indicator	Number of parks managed annually					
Definition	Maintenance of all municipal parks in Clocolan, Hlohlolwane, Marquard, Moemaneng, Senekal, Matwabeng, Ficksburg, Caledon Park and Meqheleng					
Purpose/Importance	Ensure that towns and townships are clean					
Source/Collection of Data	• Job cards • Routes					
Method of calculation	Count					
Data Limitation	Non-submission of reports					
Type of Data	Non-cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Environmentally clean towns and townships					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			

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Outcome Number	DCBS003				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Safety and Security		Baseline Indicator		22
			Original Annual Target		26
			Adjusted Target		26
				Target	Actual
	Weighting	25%	Quarter 1	7	5
			Quarter 2	7	19
			Quarter 3	8	10
			Quarter 4	4	12
Achievement for the period under review			26	46	
Key Performance Indicator	Number of roadblocks and projects conducted				
Definition	Periodical stop and search of vehicles on the roads and raiding of businesses in towns and townships				
Purpose/Importance	Ensure safe and secure living conditions and environment				
Source/Collection of Data	• Weekly Schedules • Portfolio of Evidence • Weekly Reports				
Method of calculation	Count0				
Data Limitation	Non-submission of reports				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that vehicles are roadworthy and are not transporting illegal substances and weapons and that businesses operate according to license and permit conditions				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Some of the planned activities had to be postponed due to the National Heritage Day celebrations.		Amend annually the operational plan and realign with the National Heritage Day which is celebrated annually during the first Quarter (September).		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DCBS004				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Disaster management		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	15%	Quarter 1	100%	100%
			Quarter 2	100%	100%
			Quarter 3	100%	100%
			Quarter 4	100%	100%
Achievement for the period under review			100%	100%	
Key Performance Indicator	Percentage of compliance with the required attendance time for structural and veld fighting incidents				
Definition	Structural and veld fires incidents reported attended to				
Purpose/Importance	Ensure safe and secure living conditions and environment				
Source/Collection of Data	- Number of incidents reported. - Number of incidents attended to - Weekly Reports				
Method of calculation	- Structural and veld fires incidents reported-denominator - Structural and veld fires attended-numerator				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that structural and veld fires are attended within the standard time of twenty minutes				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DCBS005					
Key Performance Area	Basic Services					
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard					
Key Focus Area	Disaster management		Baseline Indicator		0	
			Original Annual Target		1	
			Adjusted Target		0	
				Target	Actual	
	Weighting	10%	Quarter 1		N/A	N/A
			Quarter 2		N/A	N/A
			Quarter 3		N/A	N/A
			Quarter 4		N/A	N/A
Target not for the period under review				N/A	N/A	
Key Performance Indicator	Number of fire engines procured.					
Definition	Firefighting and disaster management fleet acquired					
Purpose/Importance	Relevant fleet is always available					
Source/Collection of Data	● Procured Fire Engines					
Method of calculation	Count					
Data Limitation	Lack of internal funds					
Type of Data	Non-cumulative					
Calculation Type	Number					
Reporting Cycle	Annually					
New Indicator	Revised					
Desired Performance	Roadworthy relevant fleet					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			

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3.27.7.2 LOCAL ECONOMIC DEVELOPMENT

Output Number	DCLE001				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Local Economic Development		Baseline Indicator		276
			Original Annual Target		80
			Adjusted Target		80
				Target	Actual
	Weighting	25%	Quarter 1	20	23
			Quarter 2	20	52
			Quarter 3	20	25
			Quarter 4	20	68
Achievement for the period under review			80	168	
Key Performance Indicator	Number of people assisted through agricultural development initiatives undertaken specifically targeting youth and women annually.				
Definition	Promotion of youth and women in the agricultural development initiatives				
Purpose/Importance	Ensuring that the environment is conducive for local economic development				
Source/Collection of Data	• Invitations • Attendance Registers • Monthly Reports				
Method of calculation	Count				
Data Limitation	Lack of attendance by potential beneficiaries				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Eradication of poverty, unemployment and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DCLED02				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Local Economic Development		Baseline Indicator		447
			Original Annual Target		450
			Adjusted Target		450
				Target	Actual
	Weighting	25%	Quarter 1	100	316
			Quarter 2	100	320
			Quarter 3	100	463
			Quarter 4	150	428
Achievement for the period under review			450	1 527	
Key Performance Indicator	Number of Entrepreneurs capacitated through trainings; workshops; awareness campaigns; roadshows, information sharing sessions and seminars conducted				
Definition	Capacity building initiatives for entrepreneurs within the municipal area				
Purpose/Importance	Ensuring that the environment is conducive for local economic development				
Source/Collection of Data	Reports and attendance registers				
Method of calculation	Count				
Data Limitation	Lack of attendance by potential beneficiaries				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Eradication of poverty, unemployment and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DCLE003				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for local economic development				
Key Focus Area	Local Economic Development			Baseline Indicator	277
				Original Annual Target	300
				Adjusted Target	300
	Weighting	55%		Target	Actual
			Quarter 1	75	107
			Quarter 2	75	302
			Quarter 3	75	206
			Quarter 4	75	300
Achievement for the period under review				300	915
Key Performance Indicator	Number of office walk-ins by Small Medium Macro Enterprises, Street Traders, Cooperatives, Non-governmental Organisations and Non-profit Organisations for assistance, advice, referrals for financing, skills development, and registrations annually				
Definition	Capacity building initiatives for Small Medium Macro Enterprises, Street Traders, Cooperatives, Non-governmental Organisations and Non-profit Organisations within the municipal area				
Purpose/Importance	Ensuring that the environment is conducive for local economic development				
Source/Collection of Data	Reports and attendance registers				
Method of calculation	Count				
Data Limitation	Lack of attendance by potential beneficiaries				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Eradication of poverty, unemployment and inequality				
Motivation for the adjustment	N/A				
Evidence	- Walk-in Registers - Monthly Reports				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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3.27.7.3 INSTITUTIONAL CAPACITY

Outcome Number	DCIC001				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring, Evaluation and Performance Management and Development System.		Baseline Indicator		0
			Original Annual Target		12
			Adjusted Target		12
				Target	Actual
	Weighting	20%	Quarter 1	3	0
			Quarter 2	3	0
			Quarter 3	3	3
			Quarter 4	3	3
Achievement for the period under review				12	6
Key Performance Indicator	Number of appraisal reports conducted annually.				
Definition	Monitoring and evaluation of the performance of the managers				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Invitations • Portfolio of Evidence • Attendance Registers • Quarterly Performance Report				
Method of calculation	Count				
Data Limitation	Non-adherence to the legislative requirements				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that managers’ performance is monitored, reviewed and quality assured				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.		All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Composition of moderation committees has been a challenge, but quarterly performance reviews have been done.		All officials to sign performance agreements with clear guidelines on how and the frequency of the performance appraisals should be conducted and how moderation committee should be established as required by law.		

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Output Number	DCIC002				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring, Evaluation and Performance Management and Development System.		Baseline Indicator		3
			Original Annual Target		3
			Adjusted Target		3
				Target	Actual
	Weighting	30%	Quarter 1	3	4
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review				3	4
Key Performance Indicator	Number of Performance Agreements signed between the Director and Managers within the department annually by the 31 July 2024				
Definition	Monitoring and evaluation of the performance of the managers				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-adherence to the legislative requirements				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that managers' performance is monitored, reviewed and quality assured				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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Output Number	DCIC003				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring, Evaluation and Performance Management and Development System.		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	30%	Quarter 1	N/A	1
			Quarter 2	1	0
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review				1	1
Key Performance Indicator	Number of Performance Agreements signed between the Municipal Manager and the Director within the department annually by the 31 October 2024				
Definition	Monitoring and evaluation of the performance of the director				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan				
Method of calculation	Count				
Data Limitation	Vacant position				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that director’s performance is monitored, reviewed and quality assured				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DCIC004				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Employee Development		Baseline Indicator		0
			Original Annual Target		8
			Adjusted Target		8
				Target	Actual
	Weighting	20%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	8	32
			Quarter 4	N/A	N/A
Achievement for the period under review			8	32	
Key Performance Indicator	Number of accredited trainings conducted on Environmental and Waste Management, Public Safety and Professional Registration				
Definition	Employees are capacitated in their area of responsibility				
Purpose/Importance	Building institutional resilience and administrative capability				
Source/Collection of Data	• Certificates				
Method of calculation	Count				
Data Limitation	Non-responsive service providers				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Capable and qualified workforce				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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3.27.7.4 GOOD GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Output Number	DCGG001				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Policies, Processes and Procedures.		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	2
			Quarter 4	1	1
Achievement for the period under review			4	5	
Key Performance Indicator	Number of departmental meetings held annually with Divisional Managers				
Definition	To ensure departmental coordination, cohesion and synergy				
Purpose/Importance	Promoting Good Governance, Transparency and Accountability				
Source/Collection of Data	- Invitations - Attendance Registers - Minutes				
Method of calculation	Count				
Data Limitation	Vacant position				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Well-coordinated department				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	Target Met	N/A			

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Outcome Number	DCGG002				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Environmental Health			Baseline Indicator	1
				Original Annual Target	1
				Adjusted Target	1
	Weighting	10%		Target	Actual
			Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review				1	1
Key Performance Indicator	Number of Integrated Waste Management Plans reviewed and approved by the 30 June 2025				
Definition	To ensure that the municipality has an approved plan to manage waste				
Purpose/Importance	Adherence to legislative requirements				
Source/Collection of Data	- Approved Integrated Waste Management Plan - Council Resolution				
Method of calculation	Count				
Data Limitation	Lack of capacity				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Clean environment				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	Target Met	N/A			

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Output Number	DCGG003				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Environmental Health		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Integrated Environmental Management Plans reviewed and approved by the 30 June 2025				
Definition	To ensure that the municipality has an approved plan to manage environment				
Purpose/Importance	Adherence to legislative requirements				
Source/Collection of Data	• Approved Integrated Environmental Management Plan • Council Resolution				
Method of calculation	Count				
Data Limitation	Lack of capacity				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Clean environment				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Output Number	DCGG004				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Safety and Security		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Traffic Operational Plan compiled and approved by the 30 June 2024				
Definition	Compilation and approval of Traffic Operational Plan				
Purpose/Importance	To have traffic operational place in place to address traffic issues				
Source/Collection of Data	• Approved Traffic Operational Plan				
Method of calculation	Count				
Data Limitation	Lack of capacity				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	An incident free traffic flow and management				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Output Number	DCGG005				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Disaster Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review				1	1
Key Performance Indicator	Number of Disaster Management Plan reviewed and approved.				
Definition	Compilation and approval of Disaster Management Plan				
Purpose/Importance	To have disaster management in place to mitigate against disasters, whether man-made or natural				
Source/Collection of Data	- Approved Disaster Management Plan - Council Resolution				
Method of calculation	Count				
Data Limitation	Lack of capacity				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Municipal readiness to mitigate disaster incidents				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Outcome Number	DCGG006					
Key Performance Area	Good Governance, Transparency and Accountability					
Predetermined Objective	Promoting Good Governance, Transparency and Accountability					
Key Focus Area	Internal Audit			Baseline Indicator		4
				Original Annual Target		4
				Adjusted Target		N/A
					Target	Actual
	Weighting	10%	Quarter 1	1	1	
			Quarter 2	1	1	
			Quarter 3	1	1	
			Quarter 4	1	1	
Achievement for the period under review			4	4		
Key Performance Indicator	Number of reports issued on implementation of Internal Audit findings by management by 30 June 2025.					
Definition	Early detection of internal deficiencies					
Purpose/Importance	Promoting good governance, transparency and accountability					
Source/Collection of Data	• Internal Audit Tracking Registers • Follow up Report					
Method of calculation	Count					
Data Limitation	Lack of capacity					
Type of Data	Cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Effective internal controls					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Well Met	Target Met		N/A			

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Output Number	DCGG007					
Key Performance Area	Good Governance, Transparency and Accountability					
Predetermined Objective	Promoting Good Governance, Transparency and Accountability					
Key Focus Area	External Audit		Baseline Indicator		2	
			Original Annual Target		2	
			Adjusted Target		2	
				Target	Actual	
	Weighting	10%	Quarter 1		N/A	N/A
			Quarter 2		1	1
			Quarter 3		1	1
			Quarter 4		N/A	N/A
Achievement for the period under review				2	2	
Key Performance Indicator	Number of Progress Reports on the implementation of the External Audit Action Plan for the 2024/2025 Auditor General of South Africa Audit Reports.					
Definition	A plan developed and approved on how to implement measures to address Auditor General of South Africa audit findings towards clean audit					
Purpose/Importance	Promoting good governance, transparency and accountability					
Source/Collection of Data	• Audit Action Plan • Internal Audit Follow Up Reports on Auditor General of South Africa Audit Action Plan					
Method of calculation	Count					
Data Limitation	Non-submission of responses					
Type of Data	Non-Cumulative					
Calculation Type	Number					
Reporting Cycle	Annually					
New Indicator	Revised					
Desired Performance	Environmental-design conducive for effective and efficient internal controls					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Well Met	Target Met		N/A			

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Output Number	DCGG008				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under revie			4	4	
Key Performance Indicator	Number of Operational Risks Registers updated				
Definition	A register of operational risks and internal controls put in place to mitigate against occurrence of such risks				
Purpose/Importance	Identification of operational risks and implementation of mitigation strategies.				
Source/Collection of Data	Updated Operational Risks Register				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All operational risks to be on an acceptable tolerance level				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Output Number	DCGG09				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
	Achievement for the period under review			4	4
Key Performance Indicator	Number of strategic risk register implemented and updated.				
Definition	A register of strategic risks and internal controls put in place to mitigate against occurrence of such risks				
Purpose/Importance	Identification of strategic risks and implementation of mitigation strategies.				
Source/Collection of Data	Updated Strategic Register				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All strategic risks to be on an acceptable tolerance level				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	Target Met	N/A			

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Output Number	DCGG10				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of fraud risk register updated.				
Definition	A register of fraud risks and internal controls put in place to mitigate against occurrence of such risks				
Purpose/Importance	Identification of fraud risks and implementation of mitigation strategies.				
Source/Collection of Data	Updated Fraud Risk Register				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	All strategic risks to be on an acceptable tolerance level				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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3.27.7.5 PUBLIC PARTICIPATION

Output Number	DCPP001				
Key Performance Area	Public Participation				
Predetermined Objective	Putting people first and engaging with communities				
Key Focus Area	Stakeholder Participation		Baseline Indicator		5
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	50%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Cross Border Crime Prevention Forum meeting attended annually.				
Definition	Meetings held by the forum				
Purpose/Importance	To mitigate against the crime between Lesotho and Free State				
Source/Collection of Data	• Invitations • Attendance registers • Minutes				
Method of calculation	Count				
Data Limitation	Lack of supporting documentation				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that all crime fighting agencies collaborate				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Outcome Number	DCPP002					
Key Performance Area	Public Participation					
Predetermined Objective	Putting people first and engaging with communities					
Key Focus Area	Parks, Sports and Recreation.			Baseline Indicator		4
				Original Annual Target		4
				Adjusted Target		4
					Target	Actual
	Weighting	50%	Quarter 1	1	1	
			Quarter 2	1	1	
			Quarter 3	1	1	
			Quarter 4	1	1	
Achievement for the period under review			4	4		
Key Performance Indicator	Number of reports on sport programmes implemented.					
Definition	Programmes on sport conducted					
Purpose/Importance	Promotion of healthy living and competitiveness					
Source/Collection of Data	• Invitations • Attendance registers • Minutes					
Method of calculation	Count					
Data Limitation	Lack of supporting documentation					
Type of Data	Cumulative					
Calculation Type	Number					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Inclusive participation					
Motivation for the adjustment	N/A					
Evidence	• Invitations, List of participants • Portfolio of Evidence • Monthly Reports					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Well Met	Target Met		N/A			

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3.27.8 DIRECTOR OF CORPORATE SERVICES' TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2024/2025

3.27.8.1 INSTITUTIONAL CAPACITY

Output Number	DCSIC01				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring and Evaluation and Performance Management and Development System		Baseline Indicator		20
			Original Annual Target		20
			Adjusted Target		20
				Target	Actual
	Weighting	10%	Quarter 1	5	5
			Quarter 2	5	5
			Quarter 3	5	5
			Quarter 4	5	5
Achievement for the period under review				20	20
Key Performance Indicator	Number of Performance appraisals for all Managers conducted annually				
Definition	To ensure that the performance of the managers is planned, implemented, monitored, reviewed, audited and reported on.				
Purpose/Importance	Enhance accountability, good governance and accountability				
Source/Collection of Data	• Invitations • Portfolio of Evidence • Attendance Registers • Quarterly Performance Reports				
Method of calculation	Number				
Data Limitation	Non-submission of appraisal reports				
Type of Data	Non-cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that managers are held accountable for their performance and the budget is spend in accordance with service delivery and budget implementation plan.				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Output Number	DCSIC02				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring and Evaluation and Performance Management and Development System		Baseline Indicator		5
			Original Annual Target		5
			Adjusted Target		5
				Target	Actual
	Weighting	10%	Quarter 1	5	5
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			5	5	
Key Performance Indicator	Number of Performance Agreements signed between the Director and Managers within the Department annually by 31 July 2024				
Definition	To ensure that the managers commit to implement to the key performance indicators planned for the year ahead.				
Purpose/Importance	Enhance accountability, good governance and accountability				
Source/Collection of Data	• Signed Performance Agreements				
Method of calculation	Number				
Data Limitation	Non-submission of signed performance agreements				
Type of Data	Non-cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that managers report on the planned performance information.				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	Target Met		N/A		

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Outcome Number	DCSIC03				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Monitoring and Evaluation and Performance Management and Development System			Baseline Indicator	1
				Original Annual Target	1
				Adjusted Target	N/A
	Weighting	10%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review				1	1
Key Performance Indicator	Number of Performance Agreement signed between the Municipal Manager and the Director of the department annually by 31 July 2024				
Definition	To ensure that the director commit to implement to the key performance indicators planned for the year ahead.				
Purpose/Importance	Enhance accountability, good governance and accountability				
Source/Collection of Data	Performance Agreement signed between the Municipal Manager and the Director annually by 31 July 2024				
Method of calculation	Number				
Data Limitation	Non-submission of signed performance agreements				
Type of Data	Non-cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that director report on the planned performance information.				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	Performance agreement developed but not signed	Ensure that performance agreement is signed			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	Target Met	N/A			

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Output Number	DCSIC04				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Human Resources Management		Baseline Indicator		0%
			Original Annual Target		100%
			Adjusted Target		N/A
				Target	Actual
	Weighting	10%	Quarter 1	100%	0%
			Quarter 2	100%	0%
			Quarter 3	100%	100%
			Quarter 4	100%	80%
Achievement for the period under review			100%	45%	
Key Performance Indicator	Percentage of positions filled within three months of the position becoming vacant:				
Definition	Ensure that funded vacant positions are filled within the required turn-around time.				
Purpose/Importance	The municipality is properly staffed.				
Source/Collection of Data	• Advertisement • Long List • Shortlist • Interview reports • Appointment letters				
Method of calculation	Percentage				
Data Limitation	Slow pace of filling of positions				
Type of Data	Non-cumulative				
Calculation Type	• Number of positions vacant for the period under review -denominator • Number of positions filled for the period under review -numerator				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Vacant positions are filled with qualified persons as soon as possible.				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Delay in the screening of potential candidates		Kick starts the process of recruitment earlier, in particular those positions which becomes vacant due to attrition in order to ensure that positions are filled within three months of the becoming vacant.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Delay in the screening of potential candidates		Kick starts the process of recruitment earlier, in particular those positions which becomes vacant due to attrition in order to ensure that positions are filled within three months of the becoming vacant.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Partially Met	Delay in the screening of potential candidates		Kick starts the process of recruitment earlier, in particular those positions which becomes vacant		

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		due to attrition in order to ensure that positions are filled within three months of the becoming vacant.
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Not Met	Delay in the screening of potential candidates	Kick starts the process of recruitment earlier, in particular those positions which becomes vacant due to attrition in order to ensure that positions are filled within three months of the becoming vacant.

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Output Number	DCOIC005				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Employment Equity		Baseline Indicator		5%
			Original Annual Target		20%
			Adjusted Target		20%
				Target	Actual
	Weighting	7.5%	Quarter 1	5%	0%
			Quarter 2	5%	7%
			Quarter 3	5%	5%
			Quarter 4	5%	0%
Achievement for the period under review			20%	12%	
Key Performance Indicator	Percentage of employment equity target groups employed in all levels of the municipality in compliance with the municipality’s Employment Equity Plan				
Definition	Ensure that recruitment process addresses the equity demographics within the municipal area.				
Purpose/Importance	The equity target groups within the municipality are recognised and acknowledged.				
Source/Collection of Data	• Copy of the advert • Appointment Letter • Employment Equity Reports				
Method of calculation	Percentage				
Data Limitation	Lack of interest to apply for advertised vacant positions by the equity target group from the communities				
Type of Data	Non-cumulative				
Calculation Type	• Number of positions vacant for the period under review -denominator • Number of positions filled for the period under review -numerator				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Vacant positions are filled with qualified persons from equity target groups to address the inequality challenges in the workplace as soon as possible.				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	Slow recruitment of employees in all occupation categories and occupational levels in the Municipality.		• Effective implementation of the Employment Equity Plan. • Start at the level of labour requisition, in terms of the kind of an employee the institution is looking for. • Cascade to all levels of occupational categories and categories and occupational levels in the municipality.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		

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Target Not Met	Target could have been achieved but due to delays from immigration verification it delayed the completion of the appointment process – all appointments are pending finalisation	Vetting and Clearance Checks need to be expedited.
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
	Target could have been achieved but due to delays from immigration verification it delayed the completion of the appointment process – all appointments are pending finalisation	Vetting and Clearance Checks need to be expedited.

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Outcome Number	DCSIC06					
Key Performance Area	Institutional Capacity					
Predetermined Objective	Building institutional resilience and administrative capability					
Key Focus Area	Human Resources Management			Baseline Indicator		4
				Original Annual Target		4
				Adjusted Target		4
					Target	Actual
	Weighting	10%		Quarter 1	1	2
				Quarter 2	1	2
				Quarter 3	1	2
				Quarter 4	1	4
Achievement for the period under review				4	10	
Key Performance Indicator	Number of Health and Safety and Wellness programmes conducted					
Definition	Conducting health and safety wellness programmes to highlight safety and wellness at the workplace.					
Purpose/Importance	Mitigate on the risks of safety and wellness within the workplace by educating the workforce on the dangers of not adhering to the safety and wellness protocols.					
Source/Collection of Data	• Invitations • Presentations • Attendance registers • Reports					
Method of calculation	Number					
Data Limitation	Cancellation of workshops					
Type of Data	Cumulative					
Calculation Type	• Number of Programmes co-ordinated					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Knowledgeable workforce on issues of safety and wellness programmes within the workplace					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			

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Output Number	DCSIC07				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Human Resources: Skills Development		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		N/A
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Workplace Skills Plan and Annual Training Report developed, approved and submitted				
Definition	Ensuring the municipality has developed and approved a workplace skills plan to address the capacity challenges.				
Purpose/Importance	Consolidation of all learning initiatives from various department into a single plan				
Source/Collection of Data	- Approved Workplace Skills Plan and Annual Training Report - Acknowledgement Letter from Local Government Sector Education and Training Authority				
Method of calculation	Number				
Data Limitation	Lack of skills audit report				
Type of Data	Non-cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Employees lacking requisite skills are capacitated to assist them to execute their functions properly				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Output Number	DCSIC08					
Key Performance Area	Institutional Capacity					
Predetermined Objective	Building institutional resilience and administrative capability					
Key Focus Area	Human Resources: Skills Development	Baseline Indicator			100%	
		Original Annual Target			100%	
		Adjusted Target			N/A	
			Target		Actual	
	Weighting	7.5%	Quarter 1	100%	100%	
			Quarter 2	100%	100%	
			Quarter 3	100%	100%	
			Quarter 4	100%	100%	
Achievement for the period under review				100%	100%	
Key Performance Indicator	Percentage to which planned Workplace Skills Plan Programmes are implemented and achieved					
Definition	Extent to which the Workplace Skills Plan Programmes are being implemented.					
Purpose/Importance	To measure the extent to which the Workplace Skills Plan Programmes are being implemented					
Source/Collection of Data	Report on the implementation of the Workplace Skills Plan					
Method of calculation	Percentage					
Data Limitation	Low enrolment number of employees with capacity challenges as per the skills audit report					
Type of Data	Non-cumulative					
Calculation Type	- Number of skills programmes approved-denominator - Number of skills programmes implemented-numerator					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Employees lacking requisite skills are capacitated to assist them to execute their functions properly					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			

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Output Number	DCSIC09				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Human Resources: Employment Equity		Baseline Indicator		1
			Original Annual Target		0
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Employment Equity Reports submitted to Department of Employment and Labour				
Definition	To report on the extent to which the Employment Equity Plan is being implemented in the municipality				
Purpose/Importance	To account on the implementation of the Employment Equity Plan implementation				
Source/Collection of Data	- EEA2 and EEA4 Report - Acknowledgement Letter from the Department of Labour				
Method of calculation	Number				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Employees lacking requisite skills are capacitated to assist them to execute their functions properly				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	DCSIC10					
Key Performance Area	Institutional Capacity					
Predetermined Objective	Building institutional resilience and administrative capability					
Key Focus Area	Human Resources: Labour Relations		Baseline Indicator		0	
			Original Annual Target		100%	
			Adjusted Target		100%	
				Target	Actual	
	Weighting	7.5%	Quarter 1		25%	18%
			Quarter 2		25%	44.4%
			Quarter 3		25%	0%
			Quarter 4		25%	35.3%
Achievement for the period under review				100%	97.7%	
Key Performance Indicator	Percentage for the reduction in Disciplinary Hearings					
Definition	To ensure that transgressions are dealt with through proper channels as soon as possible after being reported					
Purpose/Importance	To continuously implement consequence management					
Source/Collection of Data	Summary on the percentage of reduction of disciplinary hearings, conciliations, Arbitrations and Labour Cases					
Method of calculation	Percentage					
Data Limitation	Non-submission of reports					
Type of Data	Cumulative					
Calculation Type	• Number of disciplinary cases initiated-denominator • Number of disciplinary cases finalised-numerator					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Consequence management is implemented consistently and fairly					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Partially Met	Target partially achieved due to reviewed and adjusted targets the reduction in Disciplinary Hearings		Training of Managers and supervisors on Disciplinary Procedures			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Not Met	Target not archived due to reviewed and adjusted targets the reduction in disciplinary hearings.		Training of Managers and Supervisors on Disciplinary Procedures. Target will be achieved in the fourth Quarter, as most of the Pending Internal Matters managed will be finalised.			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Partially Met	Target partially achieved due to reviewed and adjusted targets the reduction in Disciplinary Hearings		Training of Managers and supervisors on Disciplinary Procedures			

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Outcome Number	DCSIC11				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Human Resources: Labour Relations		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		N/A
				Target	Actual
	Weighting	7.5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Local Labour Forum meetings held				
Definition	To comply to the requirement of the Labour Relations Act, 66 of 1995				
Purpose/Importance	To continuously implement consequence management				
Source/Collection of Data	• Notice of Local Labour Forum meeting • Attendance register • Minutes of meeting				
Method of calculation	Number				
Data Limitation	Non-sitting of the forum				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Harmonised the working relationship between employer and labour				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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3.27.8.2 FINANCIAL MANAGEMENT

Output Number	DCSFM01					
Key Performance Area	Financial Management					
Predetermined Objective	Ensure Sound Financial Management and Accounting					
Key Focus Area	Payroll Administration			Baseline Indicator		12
				Original Annual Target		12
				Adjusted Target		12
					Target	Actual
	Weighting	33,3%	Quarter 1	3	3	
			Quarter 2	3	3	
			Quarter 3	3	3	
			Quarter 4	3	3	
Achievement for the period under review				12	12	
Key Performance Indicator	Number of payrolls processed on or before the 25 of each month					
Definition	Extent to which employees’ salaries are paid on time					
Purpose/Importance	Timeous payment of salaries					
Source/Collection of Data	Monthly Salary Run					
Method of calculation	Number					
Data Limitation	Lack of funds					
Type of Data	Cumulative					
Calculation Type	Count					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Consistent timeous payment of salaries					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Met	N/A		N/A			

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Output Number	DCSFM02				
Key Performance Area	Financial Management				
Predetermined Objective	Ensure Sound Financial Management and Accounting				
Key Focus Area	Payroll Administration		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	33,3%	Quarter 1	100%	100%
			Quarter 2	100%	100%
			Quarter 3	100%	100%
			Quarter 4	100%	100%
Achievement for the period under review				100%	100%
Key Performance Indicator	Percentage of third parties processed for payment on or before the 3rd of each month				
Definition	Extent to which third parties' payments are paid on time				
Purpose/Importance	Timeous payment of third parties				
Source/Collection of Data	Monthly processed paperwork of third parties				
Method of calculation	Percentage				
Data Limitation	Lack of funds				
Type of Data	Non-cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Consistent timeous payment of salaries				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DCSFM03				
Key Performance Area	Financial Management				
Predetermined Objective	Ensure Sound Financial Management and Accounting				
Key Focus Area	Human Resource Development		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	33,3%	Quarter 1	25%	23.4%
			Quarter 2	25%	10.8%
			Quarter 3	25%	45%
			Quarter 4	25%	10%
Achievement for the period under review			100%	89.2%	
Key Performance Indicator	Percentage actual spending of the municipal budget on skills development				
Definition	Extent of spending on municipal budget on skills development				
Purpose/Importance	Budget on skills development is spend for the intended purpose				
Source/Collection of Data	• Calculations of the spending viz a viz the actual budget • Copy of the budget • Copy of the appointment letter of the service provider • Copy of the registration letter of the learner (employee)				
Method of calculation	Percentage				
Data Limitation	Lack of funds				
Type of Data	Non-cumulative				
Calculation Type	• Budget allocated for skills development-denominator • Actual expenditure on budget on skills development-numerator				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Skills development spend for the intended purpose				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Programmes not yet fully implemented		Focus towards implementing the programmes		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Programmes not yet fully implemented		Focus towards implementing the programmes		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Planned programmes were advertised however not bidders applied for the training identified.		Processes should be implemented well in advance to ensure target can be fully achieved especially where SCM Processes need to unfold.		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Planned programmes were advertised however not bidders applied for the training identified.		Processes should be implemented well in advance to ensure target can be fully achieved especially where SCM Processes need to unfold.		

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3.27.8.3 GOOD GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Output Number	DCSGG01				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Administration and Support Services		Baseline Indicator		7
			Original Annual Target		7
			Adjusted Target		7
				Target	Actual
	Weighting	10%	Quarter 1	2	2
			Quarter 2	1	2
			Quarter 3	2	2
			Quarter 4	2	2
Achievement for the period under review				7	8
Key Performance Indicator	Number of Administration and Human Resources meetings co-ordinated				
Definition	Coordination of Administration and Human Resources Committee meeting as per the year plan				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Notices of Administration and Human Resources Section 80 Meeting • Minutes • Attendance Registers				
Method of calculation	Number				
Data Limitation	Non-sitting of meetings				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Meetings to be held consistently as per the year plan				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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Output Number	DCSGG02				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Administration and Support Services		Baseline Indicator		7
			Original Annual Target		7
			Adjusted Target		7
				Target	Actual
	Weighting	10%	Quarter 1	2	1
			Quarter 2	1	2
			Quarter 3	2	1
			Quarter 4	2	1
	Achievement for the period under review			7	5
Key Performance Indicator	Number of Mayoral Committee Meetings co-ordinated				
Definition	Coordination of Mayoral Committee meeting as per the year plan				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Notices of Mayoral Committee meetings • Minutes • Attendance Registers				
Method of calculation	Number				
Data Limitation	Non-sitting of meetings				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Meetings to be held consistently as per the year plan				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	The second reported meeting does not have the attendance register and minutes	Ensure that the accurate and valid evidence is submitted with the reported performance information			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	One meeting did not take place due to Extended Meetings for budget and IDP Preparation and EM programme	The meeting must take place as scheduled			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	One meeting did not take place due to the Executive Mayors Programme	The Year plan will be amended going forward to exclude the Performance Meetings with MMCs as scheduled Mayor Meetings			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	One meeting did not take place due to the Executive Mayors Programme	The Year plan will be amended going forward to exclude the Performance Meetings with MMCs as scheduled Mayor Meetings			

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Output Number	DCSGG03				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Administration and Support Services		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	3
			Quarter 2	1	3
			Quarter 3	1	3
			Quarter 4	1	4
Achievement for the period under review				4	13
Key Performance Indicator	Number of council meetings co-ordinated				
Definition	Coordination of council meeting as per the year plan				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Notices of council meeting • Minutes • Attendance Registers				
Method of calculation	Number				
Data Limitation	Non-sitting of meetings				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Meetings to be held consistently as per the year plan				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DCSGG04				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Payroll Administration		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	12.5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review				4	4
Key Performance Indicator	Number of Section 66 Reports (Expenditure of Staff Benefits) compiled and submitted to Council.				
Definition	Disclosure of councillors and employee benefits and allowances				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Section 66 Report • Council Resolution				
Method of calculation	Number				
Data Limitation	Incomplete and inaccurate disclosures				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Report accurately on the councillors and employees benefits and allowance				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DCSGG05				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Legal Services and Contracts Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	12.5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	3
			Quarter 4	1	3
Achievement for the period under review				4	8
Key Performance Indicator	Number of updates on litigations and private claims register				
Definition	Disclosure of litigations and private claims against the municipality				
Purpose/Importance	Good financial management and accounting				
Source/Collection of Data	Updated Litigations and Claims register				
Method of calculation	Number				
Data Limitation	Inaccurate and incomplete Litigation and Claims Register				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Timeous identification and mitigation of the financial risk the municipality might face if the outcome of the process impact negatively on the municipality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DCSGG06				
Key Performance Area	Good G2overnance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Governance Structures		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Departmental Meetings held annually with Divisional Managers				
Definition	Departmental meetings held to enhance coordination				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	• Invitations • Minutes • Attendance Registers				
Method of calculation	Number				
Data Limitation	Non-sitting of meetings				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Enhanced synergy within the departmental divisions				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DCSGG07				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	External Audit		Baseline Indicator		5
			Original Annual Target		5
			Adjusted Target		5
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	2	2
			Quarter 4	3	3
Achievement for the period under review				5	5
Key Performance Indicator	Number of Progress Reports on the Implementation of the External Audit Action Plan for the 2024/2025 Audit Report				
Definition	Extend to which the municipality is addressing audit findings towards the attainment of clean audit				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Monthly progress reports on the implementation of the Audit Action Plans.				
Method of calculation	Number				
Data Limitation	None or late response to queries				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Clean Audit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Outcome Number	DCSGG08				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	External Audit		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	10%	Quarter 1	100%	75%
			Quarter 2	100%	70%
			Quarter 3	100%	100%
			Quarter 4	100%	100%
Achievement for the period under review				100%	86%
Key Performance Indicator	Percentage of internal audit queries responded to within the timeframe of 3 days.				
Definition	Extend to which the municipality is addressing internal audit findings towards the attainment of clean audit				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Audit Query Response Register				
Method of calculation	Percentage				
Data Limitation	None or late response to queries				
Type of Data	Non-cumulative				
Calculation Type	• Number of internal audit queries issued-denominator • Number of internal audit queries addressed-numerator				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Effective internal controls				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	Not being responded to within the stipulated timeframe	Will keep the audit register and monitor it.			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	Not being responded to within the stipulated timeframe	Will keep the audit register and monitor it.			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Not being responded to within the stipulated timeframe	Will keep the audit register and monitor it.			

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Outcome Number	DCSGG09				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Operational Risk Registers Progress Updates				
Definition	Extend to which the municipal operational risk register is updated, and risks mitigated				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Updated Operational Risk Register				
Method of calculation	Number				
Data Limitation	No updating of the risk register				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Effective internal controls				
Motivation for the adjustment					
Evidence	• Updated Operational Risk Register				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Outcome Number	DCSGG10				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Strategic Risk Registers Progress Updates				
Definition	Extend to which the municipal strategic risk register is updated, and risks mitigated				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Updated Strategic Risk Register				
Method of calculation	Number				
Data Limitation	No updating of the strategic risk register				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Effective internal controls				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Output Number	DCSGG11				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Risk Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	5%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of Updated Fraud Risk Register				
Definition	Extend to which the municipal fraud risk register is updated, and risks mitigated				
Purpose/Importance	Promoting good governance, transparency and accountability				
Source/Collection of Data	Updated Fraud Risk Register				
Method of calculation	Number				
Data Limitation	No updating of the fraud risk register				
Type of Data	Cumulative				
Calculation Type	Count				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Effective internal controls				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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10.5 DIRECTOR OF FINANCE SERVICES' TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2024/2025

10.5.1 BASIC SERVICES

Output Number	DFBS001				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Indigent households		Baseline Indicator		7 186
			Original Annual Target		8 000
			Adjusted Target		7 686
				Target	Actual
	Weighting	30%	Quarter 1	7 390	7 186
			Quarter 2	7 560	7 318
			Quarter 3	7 765	7 645
			Quarter 4	7 686	8 055
Achievement for the period under review			7 686	8 055	
Key Performance Indicator	Number of indigent households registered in the Indigent Register for the bi-annual registration period from 01/07/2023 to 30/06/2025 [target for 2024/25]				
Definition	Poorest of the poor household receiving indigent subsidy				
Purpose/Importance	Local economic development and financial management				
Source/Collection of Data	Munsoft Indigent Register Report				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Alleviation of unemployment, poverty and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register		Target not met with about 204 households. Municipal officials entrusted with indigent management will be required to conduct indigent awareness in the local community radio station and further conduct community roadshows in the four towns.		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register		Target not met with about 204 households. Municipal officials entrusted with indigent management will be required to conduct indigent awareness in the local community radio station and further conduct community roadshows in the four towns.		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		

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Target Almost Met	Households earning less than the stipulated income threshold are not coming forth to register as indigent households and furthermore, there were limited initiatives aimed at encouraging indigent household to come forth and register	Target not met with about 204 households. Municipal officials entrusted with indigent management will be required to conduct indigent awareness in the local community radio station and further conduct community roadshows in the four towns.
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance
Target Extremely Met	N/A	N/A
Annual Achievement	Reasons for the variance	Measures taken to address underperformance
Target Extremely Met	N/A	N/A

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Output Number	DFBS002				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Indigent households		Baseline Indicator		100%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	20%	Quarter 1	20%	33%
			Quarter 2	40%	77%
			Quarter 3	75%	75%
			Quarter 4	100%	94.68%
Achievement for the period under review			100%	94.68%	
Key Performance Indicator	Percentage of municipality’s Free Basic Service’s budget spent on provision of Free Basic Services to registered indigent households [indigent relief for free basic services]				
Definition	Budget spend on the poorest of the poor household receiving indigent subsidy				
Purpose/Importance	Local economic development and financial management				
Source/Collection of Data	• Monthly Financial Report • Monthly C-Schedule				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Alleviation of unemployment, poverty and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	The budget was not adjusted downwards when the target for registered indigent households was reviewed downwards		To be corrected in the next financial year		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	The budget was not adjusted downwards when the target for registered indigent households was reviewed downwards		To be corrected in the next financial year		

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Output Number	DFBS003				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Service Delivery Outsourcing		Baseline Indicator		95%
			Original Annual Target		95%
			Adjusted Target		95%
				Target	Actual
	Weighting	30%	Quarter 1	95%	97.06%
			Quarter 2	95%	98.00%
			Quarter 3	95%	95.56%
			Quarter 4	95%	96.88%
Achievement for the period under review			95%	96.88%	
Key Performance Indicator	Percentage of FWPQ finalised within 5 working days from the closing date for submission of quotations to improve service delivery.				
Definition	Turnaround time to finalise appointment of service providers after the closing of the advertisement				
Purpose/Importance	Local economic development				
Source/Collection of Data	- FWPQ Register - Individual FWPQ Reports				
Method of calculation	- Closing date of the advertisement - Date when the appointment letter was issued				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Timeframe				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Alleviation of unemployment, poverty and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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Output Number	DFBS004				
Key Performance Area	Basic Services				
Predetermined Objective	Supporting the delivery of municipal services to the right quality and standard				
Key Focus Area	Service Delivery Outsourcing		Baseline Indicator		95%
			Original Annual Target		95%
			Adjusted Target		95%
				Target	Actual
	Weighting	30%	Quarter 1	95%	75%
			Quarter 2	95%	75%
			Quarter 3	95%	75%
			Quarter 4	95%	75%
Achievement for the period under review			95%	75%	
Key Performance Indicator	Percentage of capital projects funded under conditional grants [MIG, RBIG and WSIG] paid within 30 working days of receipt of invoice.				
Definition	Number of contractors appointed to implement capital projects paid on time				
Purpose/Importance	Local economic development				
Source/Collection of Data	• Invoice and Proof of payment [proof of payment showing number of days from receipt date to payment date] or • Monthly Report on the Creditor’s Payment Period				
Method of calculation	• Number of valid invoices submitted-denominator • Number of valid invoices paid within 30 days of submission-numerator				
Data Limitation	Incomplete invoices				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Ensure that valid invoices are paid on time to enhance local economy				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for variance		Measures taken to address underperformance		
Target Almost Met	Due to late payment		Verify invoices timeously to ensure that invoices are paid within the regulated timeframe		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Due to late payment		Verify invoices timeously to ensure that invoices are paid within the regulated timeframe		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Due to late payment		Verify invoices timeously to ensure that invoices are paid within the regulated timeframe		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Due to late payment		Verify invoices timeously to ensure that invoices are paid within the regulated timeframe		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Due to late payment		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Due to late payment		Verify invoices timeously to ensure that invoices are paid within the regulated timeframe		

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10.5.2 LOCAL ECONOMIC DEVELOPMENT

Output Number	DFLED001				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for economic development				
Key Focus Area	Small Medium, Macro Enterprise Development		Baseline Indicator		70%
			Original Annual Target		70%
			Adjusted Target		70%
				Target	Actual
	Weighting	50%	Quarter 1	70%	78.95%
			Quarter 2	70%	85.26%
			Quarter 3	70%	76.39%
			Quarter 4	70%	74.00%
Achievement for the period under review			70%	78.65%	
Key Performance Indicator	Allocate 70% of the procurement of goods and services between R 10 000 and R 30 000 to local Small Medium Macro Enterprise				
Definition	70% of goods and services between R 10 000 and R 30 000 contracted to Small Medium Macro Enterprises				
Purpose/Importance	Local economic development				
Source/Collection of Data	Supply Chain Management Report on transactions up to R30 000				
Method of calculation	- Amount of funds between R 10 000 and R 30 000 awarded-denominator - Amount of funds between R 10 000 and R 30 000 awarded to Small Medium Macro Enterprises-numerator				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Alleviation of unemployment, poverty and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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Output Number	DFLED002				
Key Performance Area	Local Economic Development				
Predetermined Objective	Creating a conducive environment for economic development				
Key Focus Area	Local Business Development		Baseline Indicator		80%
			Original Annual Target		80%
			Adjusted Target		80%
				Target	Actual
	Weighting	50%	Quarter 1	80%	98%
			Quarter 2	80%	98%
			Quarter 3	80%	97%
			Quarter 4	80%	95%
Achievement for the period under review			80%	97%	
Key Performance Indicator	Percentage of creditors physically residing within the municipal area paid within 30 days of receipt of relevant invoice / statements [and all other supporting documentation]				
Definition	Municipal creditors physically residing within the municipal area paid on time				
Purpose/Importance	Local economic development				
Source/Collection of Data	- Monthly Report on the Creditor’s Payment Period - Monthly Expenditure Report showing the locality of each service provider paid				
Method of calculation	- All creditors paid within 30 days of receipt of relevant invoices-denominator - All creditors physical residing in the municipal area paid within 30 days of receipt of relevant invoices-numerator				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Alleviation of unemployment, poverty and inequality				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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3.5.3 INSTITUTIONAL CAPACITY

Output Number	DTIC001				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Performance Management and Development System		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	40%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of Performance Agreements for the 2024/25 financial year signed between the Municipal Manager and the Chief Financial Officer by the 31 July 2024				
Definition	An agreement signed to monitor the performance of the Chief Financial Officer				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Enhanced performance management and development systems				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DTIC002				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Performance Management and Development System		Baseline Indicator		5
			Original Annual Target		5
			Adjusted Target		5
				Target	Actual
	Weighting	30%	Quarter 1	5	5
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			5	5	
Key Performance Indicator	Number of Performance Agreements for the 2024/25 financial year signed between the Chief Financial Officer and Managers within the department annually by the 31 July 2024				
Definition	An agreement signed to monitor the performance of the divisional manager				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Enhanced performance management and development systems				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review					
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Output Number	DTIC003				
Key Performance Area	Institutional Capacity				
Predetermined Objective	Building institutional resilience and administrative capability				
Key Focus Area	Performance Management and Development System		Baseline Indicator		5
			Original Annual Target		20
			Adjusted Target		20
				Target	Actual
	Weighting	30%	Quarter 1	5	5
			Quarter 2	5	5
			Quarter 3	5	5
			Quarter 4	5	5
Achievement for the period under review			20	20	
Key Performance Indicator	Number of performance appraisals for Treasury Services Department’s managers conducted annually				
Definition	A performance assessment of divisional managers				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	• Invitations to the appraisal or • Attendance Registers to the appraisal sessions • Appraisal Committee Members report				
Method of calculation	Count				
Data Limitation	Non-submission of reports				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Effective monitoring and evaluation				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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10.5.4 FINANCIAL MANAGEMENT

Output Number	DFFM001				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Asset Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	15%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of GRAP compliant Fixed Asset Register [2023/24] compiled and submitted to the Auditor General of South Africa by 31 August 2024				
Definition	A register of all municipal assets				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	Acknowledgement Letter of the 2023/24 FAR/AFS by the Auditor General of South Africa.				
Method of calculation	Count				
Data Limitation	Incomplete asset register				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Compliant asset register				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Output Number	DFFM002				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Asset Management		Baseline Indicator		12
			Original Annual Target		12
			Adjusted Target		12
				Target	Actual
	Weighting	5%	Quarter 1	3	3
			Quarter 2	3	3
			Quarter 3	3	3
			Quarter 4	3	3
Achievement for the period under review			12	12	
Key Performance Indicator	Number of reports on ‘asset additions’ for the 2024/25 financial year				
Definition	A regularly updating the asset register				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	Asset Management Report depicting assets procured for a specific reporting period				
Method of calculation	Count				
Data Limitation	Incomplete asset register				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Updated asset register				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DFFM003				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Budget and Financial Reporting Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	10%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Number of funded annual budget compiled by the municipality for the 2025/2026 financial year				
Definition	Annual budget for the municipality				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	2025/2026 Municipal Budget & Reporting A Schedule or FSPT Assessment Report				
Method of calculation	Count				
Data Limitation	Non-approval of the budget				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Funded approved annual budget				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review					
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DFFM004				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Budget and Financial Reporting Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of funded adjustment budget compiled by the municipality for the 2024/2025 financial year				
Definition	Annual adjustment budget for the municipality				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	Adjustment Budget for 2024/2025 financial year				
Method of calculation	Count				
Data Limitation	Non-approval of the budget				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Funded approved annual adjustment budget				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Output Number	DFFM005				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Budget and Financial Reporting Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	15%	Quarter 1	1	1
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of GRAP compliant Annual Financial Statements [2023/2024] compiled and submitted to the Auditor General of South Africa by 31 August 2024				
Definition	Record of financial performance information				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	Acknowledgement Letter of the 2023/2024 AFS by the Auditor General of South Africa.				
Method of calculation	Count				
Data Limitation	Non-approval of the budget				
Type of Data	Non-cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	Compliant Annual Financial Statements				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DFFM006				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		R 12 571
			Original Annual Target		R 20 000
			Adjusted Target		R 20 000
				Target	Actual
	Weighting	5%	Quarter 1	R 5 000	R 489.28
			Quarter 2	R 10 000	R 489.28
			Quarter 3	R15 000	R 675.56
			Quarter 4	R 20 000	R 4 163.00
Achievement for the period under review			R 20 000	R 4 163.00	
Key Performance Indicator	Amount reduced of current year Fruitless and Wasteful Expenditure to not more than R 600 000 [accounting for transactions for 2024/2025 financial year only]				
Definition	Record of fruitless and wasteful expenditure				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	Irregular, Fruitless and Wasteful Expenditure Report				
Method of calculation	Value				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Rand				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Zero rand fruitless and wasteful expenditure				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

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Output Number	DFFM007				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		12
			Original Annual Target		12
			Adjusted Target		12
				Target	Actual
	Weighting	10%	Quarter 1	3	3
			Quarter 2	3	3
			Quarter 3	3	3
			Quarter 4	3	3
Achievement for the period under review			12	12	
Key Performance Indicator	Number of reports on MFMA Sec. 11 [withdrawals report] for the 2024/2025 financial year				
Definition	Record of all withdrawals made from the municipality’s primary bank account				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	- MFMA Sec. 11 withdrawals reports - Monthly Expenditure Report				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Effective and efficient internal controls				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DFFM008				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		53%
			Original Annual Target		65%
			Adjusted Target		55%
				Target	Actual
	Weighting	10%	Quarter 1	53%	40%
			Quarter 2	58%	40%
			Quarter 3	55%	43%
			Quarter 4	55%	53%%
Achievement for the period under review			55%	53%%	
Key Performance Indicator	Percentage payment rate on the billed revenue for the 2024/2025 financial year				
Definition	Collection levels on the billed municipal services				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	- Monthly Revenue Report - Monthly C Schedule				
Method of calculation	- Billed services amount-denominator - Actual collection=numerator				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	65% collection rate				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	The original target has not been met [13% below the target]. Inadequate implementation of revenue enhancement across all departments		Review and implementation of the revenue enhancement strategy		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	The original target has not been met [16% below the target]. Inadequate implementation of revenue enhancement across all departments		Review and implementation of the revenue enhancement strategy		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	The target has not been met [12% below the target]. Inadequate implementation of revenue enhancement across all departments		Review and implementation of the revenue enhancement strategy		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Not Met	No implementation of revenue enhancement strategy across departments		Enforcement of the revenue enhancement strategy by the Municipal Manager and Municipal Council		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		

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Target Not Met	No implementation of revenue enhancement strategy across departments	Enforcement of the revenue enhancement strategy by the Municipal Manager and Municipal Council

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Output Number	DFFM009				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Supply Chain Management		Baseline Indicator		90%
			Original Annual Target		90%
			Adjusted Target		90%
				Target	Actual
	Weighting	10%	Quarter 1	18%	22%
			Quarter 2	46%	49%
			Quarter 3	62%	55%
			Quarter 4	90%	84%
Achievement for the period under review			90%	84%	
Key Performance Indicator	Percentage spending on the approved operating expenditure budget [cash items]				
Definition	Spending on the municipality’s approved annual expenditure				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	- Monthly Expenditure Report - Monthly C Schedule				
Method of calculation	Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	90% actual operational expenditure budget				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Alignment of the expenditure with the revenue collection; depreciation / amortisation will be finalised in June 2025; non-implementation of the procurement plan by departments and the need to implement costs containment		Departments need to spend in line with the approved procurement plan		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Departments failed to spend their budgets		Departments need to spend in line with the approved procurement plan		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Almost Met	Departments failed to spend their budgets		Departments need to spend in line with the approved procurement plan		

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Output Number	DFFM010					
Key Performance Area	Financial Management					
Predetermined Objective	Ensuring sound financial management and accounting					
Key Focus Area	Supply Chain Management		Baseline Indicator		R 9 973 939	
			Original Annual Target		R 7 000 000	
			Adjusted Target		R 7 000 000	
				Target	Actual	
	Weighting	5%	Quarter 1	R 1 750 000	R 321 784	
			Quarter 2	R 3 500 000	R 546 638	
			Quarter 3	R 5 250 000	R 1 018 794	
			Quarter 4	R 7 000 000	R 1 395 867	
	Achievement for the period under review			R 7 000 000	R 1 395 867	
Key Performance Indicator	Reduction of current year irregular expenditure amount to not more than R 7 000 000 [transactions for 2024/2025 financial year]					
Definition	Amount of irregular expenditure report on					
Purpose/Importance	Financial management and accounting					
Source/Collection of Data	Irregular, Fruitless and Wasteful Expenditure Report					
Method of calculation	Value					
Data Limitation	Non-submission of data					
Type of Data	Cumulative					
Calculation Type	Rand					
Reporting Cycle	Quarterly					
New Indicator	Revised					
Desired Performance	Zero-rand irregular expenditure					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Extremely Met	N/A		N/A			

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Output Number	DFFM011				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Supply Chain Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	10%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
	Achievement for the period under review			4	4
Key Performance Indicator	Number of quarterly reports on the implementation of the Supply Chain Management Policy				
Definition	Policy framework on demand and acquisition management				
Purpose/Importance	Financial management and accounting				
Source/Collection of Data	Quarterly Report on the Implementation of the Supply Chain Management Policy				
Method of calculation	Value				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Rand				
Reporting Cycle	Quarterly				
New Indicator	Revised				
Desired Performance	Good governance, transparency and accountability				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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3.5.5 FINANCIAL RATIOS

Output Number	DFFR001				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Capital Spending		Baseline Indicator		12%
			Original Annual Target		11%
			Adjusted Target		11%
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	11%	20%
Achievement for the period under review			11%	20%	
Key Performance Indicator	Percentage capital expenditure to total expenditure				
Definition	Expenditure spends on capital projects				
Purpose/Importance	This Ratio is used to assess the level of capital expenditure to total expenditure, which indicates the prioritisation of expenditure towards current operations versus future capacity in terms of municipal services				
Source/Collection of Data	• 2025/2026 Final Annual Budget • C-Schedule				
Method of calculation	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm range between 10% and 20%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review					
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		

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Output Number	DFFR002				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Repairs and Maintenance		Baseline Indicator		4%
			Original Annual Target		1%
			Adjusted Target		1%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1%	1%
Achievement for the period under review			1%	1%	
Key Performance Indicator	Repairs and maintenance as a percentage property, plant and equipment, investment property and intangible assets (carrying value)				
Definition	Repairs and maintenance expenditure on assets				
Purpose/Importance	The ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 8%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Output Number	DFFR003				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Debtor Management		Baseline Indicator		25%
			Original Annual Target		30%
			Adjusted Target		30%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	30%	89.32%
Achievement for the period under review			30%	89.32%	
Key Performance Indicator	Bad debt written off as a percentage of bad debt provision				
Definition	Unrecoverable debt that has prescribed				
Purpose/Importance	The ratio compares the value of bad debts written-off on consumer debtors to bad debts provided for consumer debtors to ensure that the Provision for bad debts is sufficient.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	- Budget provision for bad debts-denominator - Actual spending on bad debt written off-numerator				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 100%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Not Met	In comparison with the debt book, provision for bad debt was understated.	Enforce Credit Control and Debt Collection Policy to ensure that the municipality collect all revenue that is due.			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Not Met	In comparison with the debt book, provision for bad debt was understated.	Enforce Credit Control and Debt Collection Policy to ensure that the municipality collect all revenue that is due.			

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Output Number	DFFR004				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Debtor Management		Baseline Indicator		400 days
			Original Annual Target		460 days
			Adjusted Target		480 days
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	480 days	91 days
Achievement for the period under review			480 days	91 days	
Key Performance Indicator	Number of days required to receive payment from consumers for bills/invoices issued to them for service				
Definition	Days taken to pay creditors				
Purpose/Importance	This ratio reflects the collection period. Net debtor days refers to the average number of days required for a municipality or municipal entity to receive payment from its consumers for bills/invoices issued to them for services.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	((Gross Debtors - Bad Debt Provision) / Billed Revenue)) × 365				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Days				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	A period of less than 30 days to settle creditors is normally an indication that the municipality may not be experiencing cash flow problems				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Output Number	DFFR005				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Sustainability Management		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1	1
Achievement for the period under review			1	1	
Key Performance Indicator	Period in months within which the municipality will be able to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue, during the month				
Definition	Days taken to pay creditors				
Purpose/Importance	The ratio indicates the municipality's or municipal entity’s ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Months				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm range between 1 month to 3 months.				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Output Number	DFFR006				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Sustainability Management		Baseline Indicator		1.5 month
			Original Annual Target		1.5 month
			Adjusted Target		1.5 month
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1.5 month	1 month
Achievement for the period under review			1.5 month	1 month	
Key Performance Indicator	Range within which the municipality is able to payback it's short-term liabilities (Debt and Payables) with short-term assets (cash, inventory and receivables)				
Definition	Days taken to pay creditors				
Purpose/Importance	The Ratio is used to assess the municipality's or municipal entity's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables).				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Current Assets / Current Liabilities				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Months				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm range between 1.5 to 2 :1				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Although the ratio is not that bad, it shows that the municipality's collection rate efforts need to be intensified.	Enforce Credit Control and Debt Collection Policy to ensure that the municipality collect all revenue that is due.			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Although the ratio is not that bad, it shows that the municipality's collection rate efforts need to be intensified.	Enforce Credit Control and Debt Collection Policy to ensure that the municipality collect all revenue that is due.			

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Output Number	DFFR007				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Borrowing		Baseline Indicator		8%
			Original Annual Target		8%
			Adjusted Target		8%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	8%	0.0047%
Achievement for the period under review			8%	0.0047%	
Key Performance Indicator	Capital Cost (Interest Paid and Redemption) as percentage to total Operating Expenditure				
Definition	The ability of the municipality to pay for its borrowings				
Purpose/Importance	The ratio indicates the cost required to service the borrowing. It assesses the borrowing or payment obligation expressed as a percentage of total operating expenditure.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is between 6% to 8%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

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Output Number	DFFR008				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Borrowing		Baseline Indicator		45%
			Original Annual Target		45%
			Adjusted Target		45%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	45%	0.00%
Achievement for the period under review			45%	0.00%	
Key Performance Indicator	Extend of total borrowing in percentage in relation to total operating revenue				
Definition	The extent to which the municipality can borrow				
Purpose/Importance	The ratio indicates the extent of total borrowings in relation to total operating revenue. It indicates short- and long-term debt financing relative to operating revenue of the municipality.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Debt (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 45%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

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Output Number	DFFR009				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Liquidity Management		Baseline Indicator		80%
			Original Annual Target		100%
			Adjusted Target		100%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	100%	100%
Achievement for the period under review			100%	100%	
Key Performance Indicator	Extend in percentage, to which other reserves, which are required to be cash-backed are backed by cash reserves [cash and cash equivalents]				
Definition	The extent to which the other reserves are cash backed.				
Purpose/Importance	The ratio measures the extent to which the other reserves, which are required to be cash backed are backed by cash reserves.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Cash and Cash Equivalents - Bank Overdraft + Short Term Investment + Long Term Investment - Unspent Conditional Grants) / (Net Assets - Accumulated Surplus – Non-Controlling Interest – Share Premium – Share Capital – Fair Value Adjustment – Revaluation Reserve)				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 100%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Output Number	DFFR010				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Financial Management		Baseline Indicator		0%
			Original Annual Target		1%
			Adjusted Target		1%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	1%	20%
Achievement for the period under review			1%	20%	
Key Performance Indicator	Percentage operating surpluses generated				
Definition	Surpluses made form exchange transactions.				
Purpose/Importance	The ratio assesses the extent to which the municipality generates operating surpluses.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is equal to or greater than 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

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Output Number	DFFR011				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		7%
			Original Annual Target		4%
			Adjusted Target		4%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	4%	3%
Achievement for the period under review			4%	3%	
Key Performance Indicator	Percentage electricity surplus generated				
Definition	Surpluses made form exchange transactions.				
Purpose/Importance	The ratio assesses the extent to which the municipality generates operating surpluses.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is equal to or greater than 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Reasons not provided	Management to provide reasons for the variance and measures to address the underperformance			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Low rate of collection	Enforce Credit Control and Debt Collection Policy to ensure that the municipality collect all revenue that is due.			

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Output Number	DFFR012				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		5%
			Original Annual Target		3%
			Adjusted Target		3%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	3%	36.9%
Achievement for the period under review			3%	36.9%	
Key Performance Indicator	Percentage water surplus generated				
Definition	Surpluses made form exchange transactions.				
Purpose/Importance	The ratio assesses the extent to which the municipality generates operating surpluses.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is equal to or greater than 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DFFR013					
Key Performance Area	Financial Management					
Predetermined Objective	Ensuring sound financial management and accounting					
Key Focus Area	Revenue Management		Baseline Indicator		5%	
			Original Annual Target		2%	
			Adjusted Target		2%	
				Target	Actual	
	Weighting	4%	Quarter 1	N/A	N/A	
			Quarter 2	N/A	N/A	
			Quarter 3	N/A	N/A	
			Quarter 4	2%	12.5%	
Achievement for the period under review			2%	12.5%		
Key Performance Indicator	Percentage refuse surplus generated					
Definition	Surpluses made form exchange transactions.					
Purpose/Importance	The ratio assesses the extent to which the municipality generates operating surpluses.					
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule					
Method of calculation	(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%					
Data Limitation	Non-submission of data					
Type of Data	Non-cumulative					
Calculation Type	Percentage					
Reporting Cycle	Annually					
New Indicator	Revised					
Desired Performance	The norm is equal to or greater than 0%					
Motivation for the adjustment	N/A					
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance			
Target not for the period under review	N/A		N/A			
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance			
Target Not Met	Realistic budgeting		Budget realistically in the future			
Annual Achievement	Reasons for the variance		Measures taken to address underperformance			
Target Not Met	Low rate of collection		Enforce Credit Control and Debt Collection Policy to ensure that the municipality collect all revenue that is due.			

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Output Number	DFFR014				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		5%
			Original Annual Target		2%
			Adjusted Target		2%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	2%	19.7%
Achievement for the period under review			2%	19.7%	
Key Performance Indicator	Percentage sanitation and wastewater surplus generated				
Definition	Surpluses made form exchange transactions.				
Purpose/Importance	The ratio assesses the extent to which the municipality generates operating surpluses.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is equal to or greater than 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DFFR015				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		4%
			Original Annual Target		4%
			Adjusted Target		4%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	4%	0.13%
Achievement for the period under review			4%	0.13%	
Key Performance Indicator	Percentage revenue growth				
Definition	Increases in consumer accounts				
Purpose/Importance	The ratio measures the actual growth in the revenue base of the municipality brought about by an increase in the consumer base rather than tariff increases.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Period under Review's Number of Active Debtor Accounts - Previous Period's Number of Active Debtor Accounts) / Previous Period Number of Active Debtor Accounts x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The desired performance is 4%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Not Met	There is no development within the municipal area which results in new accounts	Set target as per the prevailing conditions within the municipal area			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Not Met	There is no development within the municipal area which results in new accounts	Set target as per the prevailing conditions within the municipal area			

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Output Number	DFFR016				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		4%
			Original Annual Target		4%
			Adjusted Target		4%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	4%	1%
Achievement for the period under review			4%	1%	
Key Performance Indicator	Percentage revenue growth (excluding capital grants)				
Definition	Measures the overall revenue growth				
Purpose/Importance	This ratio measures the overall revenue growth adjusted for capital grants. in addition, this ratio will assist in determining if the increase in expenditure will be funded by the increased revenue base or by some other means.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	((Period under review's total revenue excluding capital grants - previous period's total revenue excluding capital grants)/ previous period's total revenue excluding capital grants) x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is at the rate of Consumer Price Index				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Unrealistic targets were set	Set realistic target			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Unrealistic targets were set	Set realistic target			

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Output Number	DFFR017				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		45 days
			Original Annual Target		30 days
			Adjusted Target		30 days
				Target	Actual
	Weighting	4%	Quarter 1	30 days	11.48 days
			Quarter 2	30 days	12.83 days
			Quarter 3	30 days	16.51 days
			Quarter 4	30 days	34 days
Achievement for the period under review			30 days	34 days	
Key Performance Indicator	Number of days taken to pay trade creditors				
Definition	Calculate how long it takes the municipality to pay its creditors				
Purpose/Importance	This ratio indicates the average number of days taken for trade creditors to be paid.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 30 days				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Unrealistic targets	Set realistic targets			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Almost Met	Unrealistic targets	Set realistic targets			

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Output Number	DFFR018				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		5%
			Original Annual Target		5%
			Adjusted Target		5%
				Target	Actual
	Weighting	4%	Quarter 1	1.25%	0.00%
			Quarter 2	2.5%	0.05%
			Quarter 3	3.75%	0.09%
			Quarter 4	5%	0.17%
Achievement for the period under review			5%	0.17%	
Key Performance Indicator	Percentage of irregular expenditure incurred against 2024/2025 total expenditure budget [capex and opex]				
Definition	Irregular expenditure incurred by the municipality				
Purpose/Importance	The ratio measures the extent to which the municipality has incurred Irregular, Fruitless and Wasteful and Unauthorised Expenditure.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Irregular Expenditure) / Total Operating Expenditure x 100				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

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Output Number	DFFR019				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		5%
			Original Annual Target		5%
			Adjusted Target		5%
				Target	Actual
	Weighting	4%	Quarter 1	1.25%	0.00%
			Quarter 2	2.5%	0.00%
			Quarter 3	3.75%	0.00%
			Quarter 4	5%	0.00%
Achievement for the period under review				5%	0.00%
Key Performance Indicator	Percentage of fruitless and wasteful incurred against 2024/25 total expenditure budget [capex and opex]				
Definition	Fruitless and wasteful expenditure incurred by the municipality				
Purpose/Importance	The ratio measures the extent to which the municipality has incurred fruitless and wasteful expenditure.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Fruitless and Wasteful) / Total Operating Expenditure x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DFFR020				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		5%
			Original Annual Target		12%
			Adjusted Target		12%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	12%	9.2%
			Quarter 3	N/A	N/A
			Quarter 4	N/A	N/A
Achievement for the period under review			12%	9.2%	
Key Performance Indicator	Unauthorised expenditure incurred on cash-items in the 2023/2024 budget				
Definition	Unauthorised expenditure incurred by the municipality				
Purpose/Importance	The ratio measures the extent to which the municipality has incurred unauthorised Expenditure.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	(Unauthorised) / Total Operating Expenditure x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm is 0%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	N/A	N/A			

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Output Number	DFFR021				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Expenditure Management		Baseline Indicator		2%
			Original Annual Target		2%
			Adjusted Target		2%
				Target	Actual
	Weighting	4%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	2%	5%
Achievement for the period under review			2%	5%	
Key Performance Indicator	Percentage contracted services expenditure to total operating expenditure				
Definition	Contracted services expenditure incurred by the municipality				
Purpose/Importance	This ratio measures the extent to which the municipalities resources are committed towards contracted services to perform Municipal related functions.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Contracted Services / Total Operating Expenditure x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The norm range between 2% and 5%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Extremely Met	N/A	N/A			

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Output Number	DFFR022				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Asset Management		Baseline Indicator		5%
			Original Annual Target		3%
			Adjusted Target		3%
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	3%	2.2%
Achievement for the period under review			3%	2.2%	
Key Performance Indicator	Percentage of internally generated funds for capital expenditure to total capital expenditure				
Definition	Contracted services expenditure incurred by the municipality				
Purpose/Importance	The ratio measures the extent to which the municipality’s total capital expenditure is funded through internally generated funds and borrowings.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Own Funded Capital Expenditure (Internally Generated Funds + Borrowings) / Total Capital Expenditure x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The desired performance is 3%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Well Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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Output Number	DFFR023				
Key Performance Area	Financial Management				
Predetermined Objective	Ensuring sound financial management and accounting				
Key Focus Area	Revenue Management		Baseline Indicator		55%
			Original Annual Target		55%
			Adjusted Target		55%
				Target	Actual
	Weighting	5%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	N/A	N/A
			Quarter 4	55%	64%
Achievement for the period under review			55%	64%	
Key Performance Indicator	Percentage own source revenue to total operating revenue				
Definition	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)				
Purpose/Importance	The Ratio assesses the extent of Own Source Revenue to Total Operating Revenue, including Agency Revenue hence self-sufficiency.				
Source/Collection of Data	2025/2026 Final Annual Budget - C-Schedule				
Method of calculation	Own Source Revenue (Total Revenue - Government Grants and Subsidies – Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100				
Data Limitation	Non-submission of data				
Type of Data	Non-cumulative				
Calculation Type	Percentage				
Reporting Cycle	Annually				
New Indicator	Revised				
Desired Performance	The desired performance is 55%				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target not for the period under review	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Extremely Met	N/A		N/A		

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10.5.6 GOOD GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Output Number	DFGG001				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Revenue and Expenditure Management		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	20%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of reports on implementation of the Revenue Enhancement Strategy, Loss Reduction Strategy and Cost Containment Strategy				
Definition	Reports on the implementation of Revenue Enhancement Strategy, Loss Reduction Strategy and Cost Containment Strategy				
Purpose/Importance	To report on the milestone of the Revenue Enhancement Strategy, Loss Reduction Strategy and Cost Containment Strategy				
Source/Collection of Data	Implementation Report on Revenue Enhancement Strategy, Loss Reduction Strategy and Cost Containment Strategy				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Quarterly				
Desired Performance	Regularly reporting on the implementation of programmes				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DFGG002				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Administrative Governance		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	20%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	2
			Quarter 4	1	1
Achievement for the period under review			4	5	
Key Performance Indicator	Number of departmental meetings held annually with BTO/Treasury Services Managers				
Definition	Frequent departmental interactions to ensure departmental synergy				
Purpose/Importance	Collaborative and synchronised department				
Source/Collection of Data	• Invitations or • Attendance Registers • Minutes of the meeting				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Quarterly				
Desired Performance	Regularly departmental meeting				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Well Met	N/A	N/A			

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Output Number	DFGG003				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Quality Assurance		Baseline Indicator		4
			Original Annual Target		4
			Adjusted Target		4
				Target	Actual
	Weighting	20%	Quarter 1	1	1
			Quarter 2	1	1
			Quarter 3	1	1
			Quarter 4	1	1
Achievement for the period under review			4	4	
Key Performance Indicator	Number of reports on implementation of Internal Audit findings by management by 30 June 2025				
Definition	Reports on the implementation of informal internal audit queries				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	- Internal Audit Tracking Registers or - Progress Report on Internal Audit Unit Findings or - Responses to the Internal Audit Findings				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Quarterly				
Desired Performance	Effective and efficient internal controls				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 2	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 3	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Level of achievement Quarter 4	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		
Annual Achievement	Reasons for the variance		Measures taken to address underperformance		
Target Met	N/A		N/A		

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Output Number	DFGG004				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Quality Assurance		Baseline Indicator		1
			Original Annual Target		1
			Adjusted Target		1
				Target	Actual
	Weighting	20%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	1	1
			Quarter 4	N/A	N/A
Achievement for the period under review			1	1	
Key Performance Indicator	Number of External Audit Action Plan developed to address Auditor General of South Africa Audit Findings on the Audit Report 2023/24 and submitted to council for approval on or before 31 January 2025				
Definition	Reports on the implementation of Auditor General audit findings				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	- Internal Audit Tracking Registers or - Progress Report on Internal Audit Unit Findings or - Responses to the Internal Audit Findings				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Quarterly				
Desired Performance	Clean Audit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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Output Number	DFGG005				
Key Performance Area	Good Governance, Transparency and Accountability				
Predetermined Objective	Promoting Good Governance, Transparency and Accountability				
Key Focus Area	Quality Assurance		Baseline Indicator		5
			Original Annual Target		5
			Adjusted Target		5
				Target	Actual
	Weighting	20%	Quarter 1	N/A	N/A
			Quarter 2	N/A	N/A
			Quarter 3	2	2
			Quarter 4	3	3
Achievement for the period under review			5	5	
Key Performance Indicator	Number of implementation/progress reports of Auditor General of South Africa audit findings on the Audit Report 2023/2024 by management by 30 June 2025				
Definition	Reports on the implementation of Auditor General audit findings				
Purpose/Importance	Good governance, transparency and accountability				
Source/Collection of Data	Monthly Report on implementation of External Audit Recovery Plan				
Method of calculation	Count				
Data Limitation	Non-submission of data				
Type of Data	Cumulative				
Calculation Type	Number				
Reporting Cycle	Annually				
New Indicator	Quarterly				
Desired Performance	Clean Audit				
Motivation for the adjustment	N/A				
Level of achievement Quarter 1	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 2	Reasons for the variance	Measures taken to address underperformance			
Target not for the period under review	N/A	N/A			
Level of achievement Quarter 3	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Level of achievement Quarter 4	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			
Annual Achievement	Reasons for the variance	Measures taken to address underperformance			
Target Met	N/A	N/A			

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3.28 AMENDMEND OF THE TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Service Delivery and Budget Implementation process is guided by the Municipal Finance Management Act, 56 of 2003, section 72(1), states:

The accounting officer of the municipality must by 25 January of each year;

- a. Assess the performance of the municipality during the first half of each year; taking into account-
 - (i) The monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's service delivery performance for the first half of the financial year;
 - (iii) The past year's annual report, and progress on resolving problems identified in the annual report;
 - (iv) The performance of every municipal entity under the sole or shared control of the municipality taking into account reports in terms of section 88 from such activities.

Section 54(1) of the Municipal Finance Management Act, 56 of 2003 states:

On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must-

- (c) consider and, if necessary, make revision to the Service Delivery And Budget Implementation Plan, provided that the revision to the service delivery targets and performance indicators in the plan may only be made with the approval of council of the adjustment

The Service Delivery and Budget Implementation Plan therefore may be revised after consideration of, among others:

1. Financial performance as per sections 71 and 72;
2. Service delivery performance as per the Mid-year Budget and Performance Assessment;
3. Annual performance assessment of the previous financial year; and
4. Performance of the municipal entities.

Process followed in the revision of the Service Delivery and Budget Implementation Plan 2021/2022 took into consideration the AGSA criteria on assessment as per the following:

Consistency	Objectives, performance measures/indicators and targets are consistent between planning and reporting documents
Reported strategic or developmental objectives are consistent or complete when compared to planned objectives	Section 121(3)(f) of the Municipal Finance Management Act, 56 of 2003 Section 41 (a)-(c) and 46 of the Municipal Systems Act, 32 of 2000
Changes to strategic or developmental objectives are approved	Section 25(2) of the Municipal Systems Act, 32 of 2000
Reported measures or indicators are consistent or complete when compared to planned measures or indicators	Section 121(3)(f) of the Municipal Finance Management Act, 56 of 2003 Section 41 (a)-(c) and 46 of the Municipal Systems Act, 32 of 2000
Changes to measures are approved	Section 25(2) of the Municipal Systems Act, 32 of 2000
Reported targets are consistent or complete compared to planned targets	Section 121(3)(f) of the Municipal Finance Management Act, 56 of 2003 Section 41 (a)-(c) and 46 of the Municipal Systems Act, 32 of 2000
Changes to targets are approved	Section 25(2) of the Municipal Systems Act, 32 of 2000
Reported achievement is consistent with planned and reported indicator and target	Section 121(3)(f) of the Municipal Finance Management Act, 56 of 2003

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Measurability	Performance measures/indicators are well defined and verifiable, and target
A performance measure or indicator is well defined when it has a clear definition so that data will be collected consistently and is easy to understand and use	Framework for the Managing of Programme Performance Information; Chapter 3
A performance measure or indicator is verifiable when it is possible to validate or verify the process and systems that produce the indicator	Framework for the Managing of Programme Performance Information; Chapter 3
A target is specific when the nature and required level of performance of the target is clearly identifiable	Framework for the Managing of Programme Performance Information; Chapter 3
A target is measurable when the required performance can be measured	Framework for the Managing of Programme Performance Information; Chapter 3
A target is time bound when the timeframes for achievement of targets are indicated	Framework for the Managing of Programme Performance Information; Chapter 3
Relevance	Performance measures/indicators relate logically and directly to an aspect of the entity's mandate and realisation of its strategic goals and objectives
The performance measure or indicator and target relates logically and directly to an aspect of the entity's mandate and realisation of its strategic goals and objectives	Framework for the Managing of Programme Performance Information; Chapter 3
Presentation and disclosure	Performance information in the annual performance report is presented and disclosed in accordance with the requirements contained in the legislation, frameworks, circulars, and guidance
Actual performance compared to planned targets and prior year performance disclosed	Section 46 of the Municipal Systems Act, 32 of 2000
Measures taken to improve performance are disclosed	Section 46 of the Municipal Systems Act, 32 of 2000
Measures taken to improve performance are supported by corroborating source documentation	Section 46 of the Municipal Systems Act, 32 of 2000
Reliability	Recording, measuring, collating, preparing and presenting information on actual performance or target achievements is valid, accurate and complete
Reported performance occurred and pertains to reporting entity (valid)	Section 45 of the Municipal Systems Act, 32 of 2000 Chapter 5 of the Framework for the Managing of Programme Performance Information
Reported performance is recorded and reported accurately (accurate)	Section 45 of the Municipal Systems Act, 32 of 2000 Chapter 5 of the Framework for the Managing of Programme Performance Information
All actual performance is recorded and included in the reported performance information (complete)	Section 45 of the Municipal Systems Act, 32 of 2000 Chapter 5 of the Framework for the Managing of Programme Performance Information

The process followed in the revision of the Service Delivery and Budget Implementation Plan 2022/2023 took into consideration the legislative requirements of the Municipal Finance Management Act, 56 of 2003. To ensure the credibility of the information the following processes were undertaken:

- Engagement with departments on the current performance and proposed revisions;
- Engagement with the Audit and Performance Audit Committee on the current performance and proposed revisions at the meeting held on the 22 January 2023; and
- Sign-off by the Directors of all the revisions and inclusion in their departmental scorecards which formed the basis of their revised performance agreements.

T 3.28

3.29 MONITORING OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Municipal Finance Management Act, 56 of 2003 and the Municipal Planning and Performance Management Regulations of 2001, require that the municipal council establish an audit committee consisting of a minimum of three members, where many members are not employees of the municipality. No councillor may be a member of an audit committee.

Council shall also appoint a chairperson who is not an employee of the municipality. The Regulations give municipalities the option to establish a separate Performance Audit Committee whereas the Municipal Finance Management Act, 56 of 2003, provides for a single Audit Committee as further being recommended by National Treasury in terms of their Municipal Finance Management Act, 56 of 2003, Circular 65 of November 2012.

The municipal council has however taken a decision to continue with a combined Audit and Performance Audit Committee. The Audit and Performance Audit Committee relies on the work done by Internal Audit Unit and the Performance Management and Development Systems Section in terms of the Audit Committee Charter and receives and considers reports and minutes of meetings presented to it by these unit and section at its scheduled meetings.

In carrying out its mandate, the Audit and Performance Audit Committee have a good understanding of the strategic goals of the municipality, strategic focus areas as outlined in the Integrated Development Plan and the Service Delivery Budget Implementation Plan and should perform the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measurable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the municipality's annual reports within the stipulated timeframes.
- Review and comment on the municipality's performance management system and make recommendations for its improvement at least twice a year.

Quarterly during a financial year submit an audit report to the municipal council concerned. In reviewing the municipality's performance management and development system the Audit and Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit function within the municipality is co-ordinated and managed by an Internal Audit Executive within the office of the Municipal Manager. As part of their scope, auditing of the Performance Management and Development System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan.

Quarter	Audit Project	Focus Area
Quarter 1	Review Performance Information	• Consistency in reporting • Measurability and reliability • Performance reports review • Performance score verification • Compliance with relevant laws and regulations
Quarter 2	Review Performance Information	• Consistency in reporting • Measurability and reliability

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		• Performance reports review • Performance score verification • Compliance with relevant laws and regulations
Quarter 3	Review Performance Information	• Consistency in reporting • Measurability and reliability • Performance reports review • Performance score verification • Compliance with relevant laws and regulations
Quarter 4	Review Performance Information	• Consistency in reporting • Measurability and reliability • Performance reports review • Performance score verification • Compliance with relevant laws and regulations

The Auditor General have audit the information submitted in this report, together with all achievements reported in the Organisational Performance Management and Development System Scorecard-Top layer of the Service Delivery Budget Implementation Plan and the findings in their management letter was included in the Final 2022/2023 Audit Report. The information reported therefore was validated for relevance, reliability, completeness, accuracy and correctness by the Internal Auditors as well as the Auditor General.

The Audit and Performance Audit Committee has been established since 2004 in terms of Section 14(2)(a) of the Local Government: Municipal Planning and Performance Regulations of 2001 and membership changed overtime. The current Audit and Performance Audit Committee was appointed on the 13 October 2022 for a period of five years until 12 October 2027. Below are the current members of the Audit and Performance Audit Committee:

Audit and Performance Audit Committee members	
Initials and Surname	Designation
Mrs S J Masite	Chairperson
Mr L S Mofokeng	Ordinary Member
Ms F M N Kobo	Ordinary Member
Mrs M Ramutsheli	Ordinary Member
Ms T Monare	Ordinary Member

The Audit and Performance Audit Committee is meeting on a quarterly basis during each financial year as follows:

Meeting Scheduled as per Year Plan	Meeting Held

The Draft Annual Performance Report is submitted to the Audit and Performance Audit Committee on the 25 August 2024 and to Mayoral Committee and Council on the 30 August 2024 to note and consider the annual performance achievements reported in the Organisational Performance Management and Development Systems Scorecard-Top-layer Service Delivery and Budget Implementation Plan for the completed 2023/2024 financial year.

Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

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For purposes of evaluating the annual performance of the Municipal Manager (section 54A), an Evaluation Panel Constituting of the following persons was established:

- (i) Executive Mayor or Mayor;
- (ii) Chairperson of the Audit and Performance Audit Committee;
- (iii) Member of the Mayoral Committee;
- (iv) Mayor and/or Municipal Manager from another municipality; and
- (v) Member of a Ward Committee as nominated by the Executive Mayor.”

B) For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager- Section 56 managers, an Evaluation Panel constituted of the following persons was established:

- (i) Municipal Manager;
- (ii) Chairperson of the Audit and Performance Audit Committee;
- (iii) Member of the Mayoral Committee; and
- (iv) Municipal Manager from another municipality.”

Performance Evaluation sessions are supposed to be conducted quarterly. The first and the third quarter assessment are informal assessments. Formal assessments are conducted for the mid-year and full year. The final and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the 2023/2024 financial year will be performed once the auditing of the Annual Financial Statements and the Predetermined Objectives has been finalised by the Auditor General. The final performance evaluation will commence once the Annual Report 2023/2024 has been adopted by the Council for consideration of possible performance bonuses in terms of the Regulations.

T 3.29

3.30 OVERAL PERFORMANCE PER MUNICIPAL PERFORMANCE AREA

During the regulatory audit process, the Auditor General of South Africa issued communication of audit findings on the reported performance information and portfolio of evidence. The municipality felt that some of these findings should have necessitated the amendment of the annual performance report, but Auditor General of South Africa did not afford the municipality this opportunity on the predetermined objectives, although the opportunity was afforded adjustments of the annual financial statements.

The Auditor General of South Africa did not consider the household figures as provided by the Statistics South Africa Community Survey 2016 to use as a denominator to calculate the percentage access for the following service:

- Number of households with access to basic water
- Number of households with access to basic sanitation
- Number of households with access to basic refuse removal
- Number of households with access to basic electricity

Instead, the Auditor General of South Africa needed layout plans of the various towns within the municipality to try and identify the number of households provided with these services. This request was done a couple of days before the draft audit report was to be discussed and the Auditor General of South Africa then said the information was submitted late and if they were to look at the information it was to delay them meeting their deadlines.

Had the Auditor General of South Africa used the information in the Integrated Development Plan as a basis for calculating the percentage of households with access to basic services, this could not have led to them concluding that the information provided led to a limitation of scope.

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The municipality has approved the Standard Operating Procedure for The Compilation And Storage of Performance Information-Portfolios Of Evidence-On The Service Delivery and Budget Implementation Plana Operational Plan to assist management to compile useful, accurate, valid, reliable and complete performance information going forward.

This Standard Operating Procedure for the Compilation and Storage of Performance Information-Portfolios of Evidence-On the Service Delivery And Budget Implementation Plan and Operational Plan have been implemented from the 01 July 2023.

T 3.30

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4. INTRODUCTION

What is Organisational Development

Organizational Development is a planned, systematic, and holistic approach to improving organizational effectiveness. It's not about quick fixes; it's about enhancing the organization's capacity to handle its internal and external functioning and relationships.

Humanistic: It's rooted in behavioural science and focuses on empowering employees.

Data-Driven: It uses data to diagnose problems and measure progress.

Facilitated by Change Agents: Often led by Organisational Development Consultants, Human Resource Professionals, or leaders.

The Direct Link: How Organisational Development Drives Performance

The entire purpose of Organisational Development is to improve performance. It does this by aligning the organization's strategy, structure, people, processes, and culture to work in harmony. Think of it as tuning an engine. Organisational Development ensures all parts are working together efficiently to produce maximum power (performance).

Organisational Development Focus	Impact on Organizational Performance
Clarifying strategy and goals	Ensures everyone is working toward the same objectives, reducing wasted effort.
Improving processes	Increases efficiency, reduces costs, and improves quality (e.g., Lean, Six Sigma).
Developing leadership	Creates better decision-making, improves employee engagement, and drives strategy.
Enhancing team collaboration	Breaks down silos, improves communication, and fosters innovation.
Shaping organisational culture	Creates a high-performance culture based on values like accountability, innovation, and customer focus.
Managing Change Effectively	Reduces resistance and increases adoption rates for new initiatives, ensuring they deliver ROI.

Key OD Interventions for Boosting Performance

These are the specific actions and programs used to improve the organization.

Intervention Category	Examples	Performance Outcome
Strategic interventions	Strategic Planning, Merger Integration, Transformation Programs.	Ensures the organization is agile and aligned with market demands.
Techno-structural interventions	Organizational Restructuring, Process Redesign (e.g., Lean), Job Design.	Improves efficiency, clarity of roles, and workflow.
Talent management interventions	Performance Management Systems, Leadership Development, Training Programs, Succession Planning.	Increases employee capability, readiness, and accountability.
Human process interventions	Team Building, Conflict Resolution, Coaching, Survey Feedback.	Improves morale, communication, and collaboration.
Culture and values interventions	Defining Core Values, Culture Initiatives, Diversity, Equity & Inclusion (DEI) Programs.	Attracts and retains talent, builds brand reputation, guides decision-making.

The OD Cycle: A Continuous Process for Performance Improvement

OD is not a one-off project. It's a continuous cycle:

Diagnosis: Identify the performance gap.

Tools: Employee surveys, interviews, focus groups, financial data analysis (e.g., declining sales, high costs), process mapping.

Question: *"Where are we now, and where do we want to be?"*

Planning and Action: Develop and implement the solution.

Activities: Choose the right intervention(s), create a project plan, secure resources, communicate the "why," and involve key stakeholders.

Evaluation and Feedback: Measure the impact on performance.

Tools: KPIs, OKRs, post-intervention surveys, ROI analysis, comparing pre- and post-data.

Question: *"Did our intervention work? Did it close the performance gap?"*

Application and Iteration: Learn, adjust, and continue.

Institutionalize successful changes. Learn from what didn't work and adapt the approach. The cycle begins again.

How to Measure OD Performance (The "So What?")

To prove the value of OD, you must link it to tangible and intangible results. Use a balanced scorecard approach:

Area	Sample Metrics (KPIs)
Financial Performance	• Revenue Growth • Profit Margins • Cost Reduction • Return on Investment (ROI) of OD initiatives
Operational Performance	• Productivity Rates • Quality Metrics (Error Rates) • Cycle Time Reduction • Project Success Rates
Customer Performance	• Customer Satisfaction Scores • Customer Retention • Net Promoter Score
People Performance	• Employee Engagement Scores • Employee Turnover (Retention) • Absenteeism • Internal Promotion Rates • Skills Proficiency • Example: An OD initiative to implement a new leadership program can be measured by: • People Metric: Increased engagement scores in teams with trained leaders. • Operational Metric: Improved team productivity. • Financial Metric: Higher revenue per employee.

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Conclusion and Key Takeaway

Organizational Development is the engine of sustained performance improvement. It moves beyond isolated training or a new org chart to create a resilient, adaptive, and effective organization where people and systems are aligned to execute strategy flawlessly. The most successful organizations don't see OD as an "HR thing." They see it as a core business function essential for long-term health and competitive advantage

T 4.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2023/24	2024/2025			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Council General	16	23	14	9	39%
Municipal Manager Administration and support	11	18	14	4	22%
Integrated Development Plan and Performance Management and Development Systems	4	6	4	2	33%
Internal Audit	5	8	5	3	38%
Treasury Administration	1	1	1	0	0%
Expenditure	9	8	7	1	13%
Budget and Reporting	4	7	4	3	43%
Supply Chain Management	11	15	11	4	27%
Revenue Services	37	51	37	14	27%
Assets Management	7	9	7	2	22%
Administration and Support	35	44	34	10	23%
Human Resources Management	10	12	10	2	17%
Payroll Administration	4	5	4	1	20%
Legal Services	3	5	3	2	40%
Human Resources Development	5	8	3	5	63%
Community Administration	3	3	3	0	0%
Parks , Recreation and Sport	39	88	39	49	56%
Local Economic Development	3	7	3	4	57%
Public Safety	44	59	44	15	25%
Sports and Culture	3	2	2	0	0%
Solid Waste Management	70	118	67	51	43%
Technical Administration	3	3	3	0	0%
Water and Sanitation	89	231	98	133	58%
Roads and Storm Water	54	96	50	46	48%
Urban Planning and Housing	19	39	28	11	28%
Project Management Unit	4	8	4	4	50%
Fleet Management	10	13	10	3	23%
Electricity	24	36	33	3	8%
Totals	527	923	542	381	41%
Total number of posts on the new approved structure is 923 .					

T 4.1.1

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4.1.2 VACANCY RATE: 2024/2025

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%
Chief Financial Officer	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	1	25%
Other S57 Managers (Finance posts)	5	1	20%
Police officers	0	0	0%
Fire fighters	3	2	67%
Senior management: Levels 13-15 (excluding Finance Posts)	17	3	18%
Senior management: Levels 13-15 (Finance posts)	22	2	9%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	38	8	21%
Highly skilled supervision: levels 9-12 (Finance posts)	52	1	2%
Total	143	18	13%
T 4.1.2			

4.1.3 TURN-OVER RATE

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2022/2023	29	16	55%
2023/2024	60	23	38%
2024/2025	11	28	255%
T 4.1.3			

4.1.4 COMMENT ON VACANCIES AND TURNOVER

This commentary analyses the organization's human capital stability by examining the vacancy rate for the 2024/2025 financial year and the employee turnover rate over the last three financial years.

1. Commentary on Vacancy Rate for 2024/2025

The overall vacancy rate of **13%** (18 vacancies out of 143 approved posts) indicates a moderate level of vacancy that could be manageable but requires focused attention. However, the aggregate figure masks significant variations and critical risks within specific departments and job levels.

Key Observations

- **Critical risk in essential services:** The most alarming figure is the **67% vacancy rate for Fire Fighters** (2 out of 3 posts). This represents a severe operational risk, potentially compromising public safety, the municipality's ability to respond to emergencies, and compliance with statutory service delivery mandates. This area requires immediate and urgent intervention.

- **Stability in top leadership:** The positions of **Municipal Manager (0%)** and **Chief Financial Officer (0%)** are filled, which is positive. Stability at this strategic level is crucial for governance, financial management, and setting organizational direction.
- **Management tier vulnerabilities:** There is a noticeable vulnerability in the senior and middle management tiers outside of finance.
 - **Other S57 Managers:** A **25% vacancy rate** (1 out of 4) indicates a potential gap in a key strategic leadership post.
 - **Senior Management (Levels 13-15):** An **18% vacancy rate** (3 out of 17) suggests challenges in retaining or recruiting for these critical roles, which could impact departmental performance and strategy execution.
- **Notable strength in finance units:** In stark contrast, finance-related posts across all levels show remarkably low vacancy rates (**Finance S57 Managers: 20%, Senior Management Finance: 9%, Highly Skilled Supervision Finance: 2%**). This indicates a stable and well-staffed finance function, which is a significant strength for the organization's fiscal health and governance.
- **High vacancy in skilled supervision:** The **21% vacancy rate** in highly skilled supervision (non-finance) (8 out of 38 posts) is concerning. These roles are essential for translating management strategy into frontline action. High vacancies here can lead to supervision gaps, decreased productivity, and lower staff morale.

Conclusion on Vacancies: While the overall rate is moderate, the organization faces a **high-risk situation in its fire-fighting service** and concerning gaps in its **non-finance management and supervision pipelines**. The finance function, however, appears to be a pillar of stability.

2. Commentary on Turnover Rate for the period 2022/2023 - 2024/2025

The turnover data reveals a period of significant instability, culminating in a crisis-level event in the 2024/2025 financial year.

Key Observations:

- **Alarming Spike in 2024/2025:** The turnover rate has skyrocketed to an unsustainable **255%**. This means that the number of people who left the organization was **2.5 times greater** than the number of people who were employed at the beginning of the year. This is an extreme indicator of organizational distress.
- **Contextualizing the 255% Rate:** This figure suggests a massive exodus of staff. Possible explanations could include:
 - A widespread restructuring or downsizing process.
 - The termination of a large number of fixed-term contracts simultaneously.
 - Severe internal issues leading to mass resignations (e.g., poor morale, leadership crisis, merger/absorption).
 - The data ("Total Appointments as of beginning" = 11, "Terminations" = 28) suggests the organization may have shrunk significantly or relies heavily on non-permanent staff.
- **Historical volatility:** Even before the current crisis, the organization experienced high volatility. The **55%** turnover rate in 2022/2023 and **38%** in 2023/2024 are both extremely high when compared to healthy organisational standards (typically 10-15%). This indicates that employee retention has been a serious, ongoing problem for at least three years.

Conclusion on Turnover: The organisation is in the midst of a severe human capital crisis. The extraordinarily high turnover rate signals deep-rooted problems that are causing a rapid loss of institutional knowledge, skills, and experience. This will severely disrupt service delivery, increase recruitment costs, and cripple operational effectiveness.

3. Overall integrated conclusion The municipality is facing a dual challenge: critical vacancies in key operational roles (especially fire fighters) and a catastrophic level of employee turnover overall. The stability of the finance department is a positive, but it is overshadowed by the widespread instability elsewhere. The high turnover rate is likely a contributing factor to the high vacancy rates, creating a vicious cycle where vacancies increase workload on remaining staff, potentially leading to more turnover. Recommendations 1. Emergency action: Address the fire fighter vacancies immediately as a top priority for public safety. 2. Exit analysis: Conduct urgent exit interviews and analysis to understand the root causes of the mass exodus (the 255% turnover). 3. Retention Strategy: Develop and implement a robust employee retention strategy focused on organisational culture, leadership, and employee support. 4. Targeted recruitment: Launch focused recruitment campaigns for the senior management and highly skilled supervision roles that are vacant. 5. Review Human Resources Practices: Audit Human Resources Policies, remuneration, and working conditions to ensure they are competitive and conducive to retaining staff. T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Municipal Workforce Management is the specialized practice of planning, organising, directing, and controlling the human capital within the municipality. It encompasses all the functions of traditional Human Resources (HR) but within the unique, complex, and highly accountable environment of the public sector. Think of it as the engine room of local government. While elected officials set the policy direction (the "where to sail"), it is the municipal workforce—from police officers and firefighters to planners, public works crews, and librarians—who power the ship and deliver essential services directly to residents every day. Effective workforce management ensures this engine runs smoothly, efficiently, and in alignment with the community's goals. Why is Municipal Workforce Management Unique? It differs significantly from private sector HR due to several key factors: 1. Public scrutiny and accountability: Every action is subject to public records requests, media scrutiny, and citizen oversight. salaries are often published, and hiring/firing decisions can become political issues. 2. civil service and merit systems: Many municipalities operate under civil service rules designed to prevent patronage and ensure hiring and promotion are based on merit and exam scores, not political connections. This adds layers of process and regulation. 3. Complex labour relations: Municipalities often have a high rate of unionization (e.g., police, fire, teachers, public works unions). Managing multiple collective bargaining agreements requires specialized expertise in labour law and negotiations. 4. tight budgetary constraints: Workforce costs (salaries and benefits) typically consume 33,33% of a municipal budget. Managers must do more with less, justifying every position and seeking efficiencies constantly. Funding is dependent on tax revenues, state aid, and grants, which can be volatile.

5. **Mission-driven, not profit-driven:** The goal is not to maximize shareholder value but to provide essential services (safety, water, sanitation, health) and enhance the quality of life for the community. This requires a different approach to motivation and performance measurement.

Core Functions of Municipal Workforce Management

The work is typically broken down into several key functional areas:

1. Strategic Workforce Planning:

- **Forecasting:** Analysing future needs based on community growth, upcoming retirements ("silver tsunami"), and strategic plans.
- **Succession Planning:** Identifying and developing internal talent to fill critical roles before they become vacant.
- **Skills Gap Analysis:** Determining the difference between the skills the workforce has now and the skills it will need in the future.

2. Talent Acquisition and Recruitment:

- **Attracting Talent:** Crafting compelling job postings that highlight public service mission, often competing against higher private-sector salaries.
- **Structured Hiring:** Navigating civil service exams, eligibility lists, and ensuring a fair, transparent, and legally defensible process.
- **Onboarding:** Effectively integrating new employees into the unique culture of public service and their specific department.

3. Compensation and Benefits Administration:

- **Classification and Pay:** Maintaining a grading and classification system to ensure equitable pay for similar work across departments.
- **Salary Surveys:** Regularly benchmarking against other municipalities and the private market to remain competitive.
- **Benefits Management:** Administering complex pension plans, health insurance, and other benefits, which are a critical part of the total compensation package.

4. Labour and Employee Relations:

- **Collective Bargaining:** Negotiating contracts with unions over wages, hours, and working conditions.
- **Grievance Handling:** Managing the formal process for resolving workplace disputes as outlined in union contracts.
- **Contract Administration:** Ensuring both management and labour adhere to the terms of the negotiated agreement.

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5. Training and Development:

- **Mandatory Training:** Ensuring compliance with required training (e.g., safety, harassment prevention, cybersecurity).
- **Professional Development:** Investing in employees' growth to improve performance, prepare for advancement, and adapt to new technologies (e.g., GIS, new financial software).
- **Leadership Development:** Cultivating the next generation of department heads and managers.

6. Performance Management:

- **Goal Setting:** Aligning individual employee goals with departmental and city-wide strategic objectives.
- **Evaluations:** Conducting regular, fair, and constructive performance appraisals.
- **Feedback and Coaching:** Moving from a once-a-year event to a continuous process of development.

7. Risk Management and Compliance:

- **Legal Compliance:** Ensuring adherence to legislation
- **Workplace Safety:** Implementing programs to reduce accidents and injuries, often overseen by OSHA.
- **Liabilities:** Mitigating risks related to lawsuits, workers' compensation claims, and other potential liabilities.

Key Modern Challenges

Today's municipal workforce managers face several pressing issues:

- **The "Silver Tsunami":** A massive wave of retirements among Baby Boomers, leading to a critical loss of institutional knowledge.
- **Tight Labor Markets:** Intense competition for skilled talent in fields like IT, engineering, and skilled trades.
- **Budgetary Pressures:** Chronic underfunding requires innovative thinking about service delivery and staffing models.
- **Technological Change:** Adapting to new technologies (e.g., AI, data analytics) and the need for digital skills, while also managing cybersecurity risks.
- **Employee Wellbeing:** Addressing burnout, mental health, and stress, particularly in high-stress roles like first responders.
- **Remote/Hybrid Work:** Figuring out how flexible work models fit into the hands-on, location-specific nature of many government services.

Conclusion

Municipal Workforce Management is a dynamic, challenging, and critically important field. It's not just about "processing paperwork"; it's about **strategically stewarding the most valuable resource the municipality has: its people**. Effective workforce management leads to:

- Higher quality public services
- Improved citizen satisfaction
- Greater operational efficiency and cost-effectiveness
- A resilient, adaptable, and engaged organization

Ultimately, investing in strong workforce management is an investment in the health, safety, and prosperity of the entire community.

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4.2.1 HUMAN RESOURCE POLICIES

Human Resources Policies and Plans				
Name of Policy		Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Bereavement Policy	100%	0%	Version 1: adopted on 24/02/2011
2	Dress Code Policy	100%	100%	Version 2: adopted on during 2024
3	Employment Equity Policy	100%	100%	Version 2: adopted during 2024
4	Employee Performance Appraisal System	100%	0%	Version 1: adopted on 30/08/2008
5	Employee Assistance Programme	100%	0%	Version 1: adopted on 30/05/2013
6	HIV/AIDS Policy	100%	0%	Version 1: adopted on 30/05/2013
7	Occupational Health and Safety Policy	100%	100%	Version 2: adopted during 2024
8	Promotion Demotion and Transfer Policy	100%	0%	Version 1: adopted on 24/01/2013
9	Staff Retention Policy	100%	0%	Version 1: adopted on 30/10/2012
10	Remuneration Policy for all Employees	100%	0%	Version 1: adopted on 10/12/2007
11	Remuneration Policy for all Senior Managers	100%	0%	Version 2: adopted on 30/05/2024
12	Placement Policy	100%	100%	Version 2: adopted during 2024
13	Training and Development Policy	100%	0%	Version 2: adopted on 16/10/2024
14	Sexual Harassment Policy	100%	100%	Version 2: adopted during 2024
16	Recruitment, Selection, appointment Policy		0%	Version 1: adopted on 10/12/2007
17	Geographical Relocation Policy	100%	100%	Version 2: adopted during 2024
18	Labour Relations & Discipline Policy	100%	0%	Version 1: adopted on 10/12/2007
19	Travelling Allowance Scheme	100%	0%	Version 1: adopted on 10/12/2007
20	Policy on Employee Benefits	100%	0%	Version 1: adopted on 10/12/2007
21	Legal Aid to Employees and Cession of Action	100%	0%	Version 1: adopted on 10/12/2007
22	Smoking Policy	100%	0%	Version 1: adopted on 10/12/2007
23	Induction Policy	100%	0%	Version 1: adopted on 10/12/2007
24	Use of Municipal Vehicle and Equipment	100%	100%	Version 2: adopted during 2024
T 4.2.1				

4.2.2 COMMENT ON WORKFORCE POLICY DEVELOPMENT

1. Overall progress in policy development:

The municipality has a comprehensive suite of 24 human resources policies, with a 100% completion rate for nearly all policies listed. This demonstrates a strong foundational framework for governing the workforce.

2. Policy review status – A significant concern:

A critical area of concern is the stark disparity between policy development and policy review.

- **Reviewed Policies (44%):** Only 9 out of the 24 policies (Policies 2, 3, 7, 12, 14, 17, 24) have been reviewed (100% status). Notably, all these reviewed policies were updated and adopted during the 2024 calendar year, indicating a positive and recent concerted effort to modernize a portion of the policy framework.
- **Unreviewed Policies (56%):** A significant majority, 15 policies, show a 0% review status. This is a high-risk area as it indicates that the majority of the operational policies are outdated.

3. Adoption and Modernization:

- **Recent Progress:** The council has been active in 2024, adopting updated versions (Version 2) of several key policies, including the Dress Code, Employment Equity, Occupational Health and Safety, and Sexual

Harassment policies. This is a commendable step towards ensuring compliance with contemporary labour laws and best practices.

- **Legacy Policies and High Risk:** A large number of policies (**10 policies**) were adopted on a single date: **10 December 2007**. Several others date back to 2008, 2011, 2012, and 2013. Policies such as the Remuneration Policy for all Employees, Recruitment Policy, and multiple others from 2007 are almost **17 years old** and are highly likely to be non-compliant with current legislation (e.g., Basic Conditions of Employment Act, Labour Relations Act, Equal Employment Act). This exposes the municipality to significant operational, legal, and reputational risks.

4. Specific Policy Observations:

- **Policy 16 (Recruitment, Selection, Appointment Policy):** This policy is a major outlier as it does not have a 100% completion status. As one of the most critical Human Resources Policies, this gap must be addressed as an absolute priority.
- **Key Modernized Policies:** The review and adoption of modern versions of the Sexual Harassment, HIV/AIDS, and Occupational Health and Safety policies are particularly positive, as these are highly sensitive areas with evolving legal standards.

5. Conclusion and recommendations:

While the municipality has a solid base of policies and has made excellent progress in 2024, the overall state of the policy framework is **fragile due to the high number of outdated, unreviewed policies**.

It is recommended that:

1. **Immediate action:** A formal policy review schedule be established and implemented as a matter of urgency to address the 15 outdated policies.
2. **Priority review:** Policies with the oldest adoption dates (especially those from 2007-2013) should be prioritised for review. This includes the Recruitment Policy (which also needs completion), Remuneration, and Employee Performance Appraisal System.
3. **Continuous cycle:** Institute a mandatory cyclical review process (e.g., every 3-5 years) for all policies to prevent such a backlog from occurring again and to ensure ongoing compliance.
4. **Address the gap:** Policy 16 (Recruitment) must be completed and then reviewed immediately.

The efforts in 2024/2025 are commendable and should be used as a model to systematically modernise the entire policy framework

T 4.2.2

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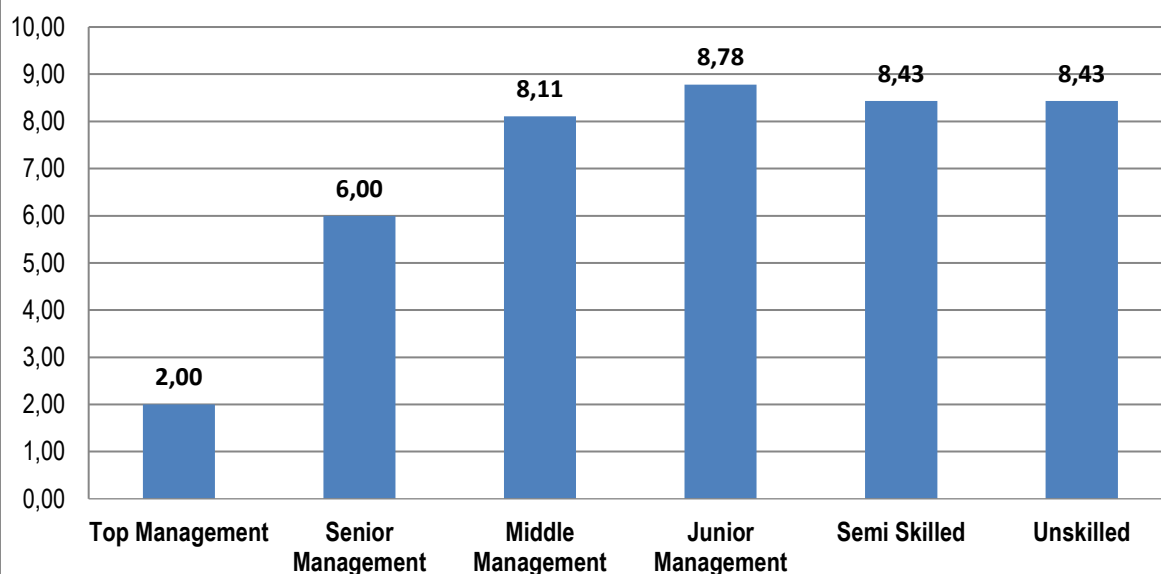
4.3.1 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0		0	-
Temporary total disablement	75	1	1%	15	65 631
Permanent disablement	0	0		0	
Fatal	0	0		0	
Total	75	1	1%	15	65 631
T 4.3.1					

4.3.2 NUMBER OF DAYS AND COST OF SICK LEAVE-EXCLUDING INJURIES ON DUTY: JULY 2023 TO JUNE 2024

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	
Top Management	2	0%	1	1	2	4 192
Senior Management	24	9%	5	4	6	48 456
Middle Management	227	5%	34	28	8	446 539
Junior Management	439	6%	40	50	9	610 156
Semi-Skilled	1 939	4%	195	230	8	1 928 731
Unskilled	2 235	1%	179	265	8	1 198 343
Total	4 866	4%	454	578	8	4 236 416
T 4.3.2						

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3.

4.3.4 COMMENT ON INJURY AND SICK LEAVE

All injury on duty cases occurred during the financial year 2024/2025 were reported timeously to Department of Employment and Labour. Employees were also provided support by the division in their journey of recovery.

T 4.3.4

4.3.5 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
Director Technical Service	Contravention of Schedule 2 of Municipal Systems Act Municipality alleged that the Employee neglected his duties and prejudice to the Institution of the Municipality	20/08/2024	The Employee was placed on suspension and hearing process unfold from 09/09/2024 to 02/06/2025. Presiding Officer issued finding on 20/06/2025.	Pending

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Fleet Management Officer	Contravention of SALGBC Disciplinary Procedure Collective Agreement Municipality alleges that the Employee was neglected by advising the Driver to drive Municipal vehicle which was not in good condition and further completed fraudulent fuel request forms	17/09/2024	The Employee was found guilty and sanction of dismissal handed out. However, the Employee Party appealed the sanction and Presiding Officer of Appeal Disciplinary Hearing ordered matter to be heard "de novo"	20/06/2025
Housing Clerk	Misrepresentation	28/02/2023	The Employee was charged for contravention of SALGBC Disciplinary Procedure Collective Agreement (SALGB-DPCA). The presiding officer issued the sanction "Dismissal as per clause 8.3.11 of SALGB-DPCA)"	28/05/2025
General Worker	Reputable Damage to the Municipality	2025/05/01	The Employee was initially placed on Precautionary Suspension. The Presiding Officer issued the sanction of "Find -Written Warning	2025/07/07
T 4.3.5				

4.3.6 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
Fleet Management Assistant	Contravention of SALGBC Disciplinary Procedure Collective Agreement. It is alleged that Employee defrauded the Municipality by completing fraudulent fuel request forms. The Municipality lost R 141 101.82, due to fraudulent transaction.	The Employee was placed on Pre-Cautionary Suspension as clause 12 of SALGBC Disciplinary Procedure Collective Agreement. He was charged and found guilty. The Sanction of Dismissal was overturned by Appeal Hearing. Presiding Officer ordered the matter to be heard "de novo"	Parties to agree on the set-down date
Housing Clerk	Contravention of SALGBC Disciplinary Procedure Collective Agreement. It is alleged that Employee utilized fraudulent documentation when executing her prescribed duties. The Municipality lost R24 962.14 for Service Account.	Employee was placed on Precautionary Suspension as per Clause 12 of SALGBC Disciplinary Procedure Collective Agreement. She was charged and found guilty on 28 May 2025; Presiding Officer issued the Sanction of Dismissal as per Clause 8.3.11.6 of SALGBC Disciplinary Procedure Collective Agreement.	28/05/2025
Indigent Clerk	Contravention of SALGBC Disciplinary Procedure Collective Agreement. It is alleged that the Employee failed to execute her duties diligently, displayed dishonesty and disclosure of privileged information. The Municipality lost R 25 622.92 for undue Indigent Subsidy and R 1 743.77 for possible-loss if Indigent Subsidy was not stopped.	The Disciplinary Tribunals of 25th May 2025 and 24th June 2025 did not commence due to the non-availability of Employee's Representative and medical conditions of the Presiding Officer.	2025/01/07
T 4.3.6			

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4.3.7 COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

4 x Employees were suspended during the period under-review, with two (2) of them being for the Financial Misconduct and Fraud while the other two (2) for de-reliction of duties and Reputational damage respectively.

The Indigent Clerk was charged, and the matter is pending. The other two (2) were dismissed, one (1) given final-written warning. The last one (1) matter has to be heard de novo after the Appeal Hearing overturned the sanction of dismissal that was issued by Disciplinary Hearing.

T 4.3.7

4.4 PERFORMANCE REWARDS BY GENDER

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2024/2025	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	No performance bonus was paid out as no performance appraisals were performed.			
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total					
T 4.4.1					

T 4.4.1

4.4.1 COMMENT ON PERFORMANCE REWARDS

No performance rewards were paid during the financial year 2024/2025.

T 4.4.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 VACANCY RATE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality has submitted the Workplace Skills Plan on the 29th April 2025 subsequent consultation with the Organized Labour component. The Employee Study Aid Policy introduced the legal framework for Study Grant Regulations for Employees and Councillors.

The division has encountered challenges whereby some employees have not attended the Skills audit process, and it had an impact on the completion of the Personal Development Plans. Beneficiaries that were not captured in the Workplace Skills Plan will not benefit from the training interventions for the 2025/2026 financial year.

T 4.5.0

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4.5.1 SKILLS MATRIX

Management level	Gender	Employees in post as at 30 June 2025	Number of skilled employees required and actual as at 30 June Year 2025											
			Learnerships			Skills programmes and other short courses			Other forms of training			Total		
		No.	Actual: End of 2025	Actually: End of 2025	2025 Target	Actually: End of 2025	Actually: End of 2025	2025 Target	Actually: End of 2025	Actually: End of 2025	2025 Target	Actually: End of 2025	Actually: End of 2025	Year 2025
MM and s57	Female	2	0	0	0	0	0	0	0	0	1	0	0	1
	Male	2	0	0	0	1	1	1	0	0	2	0	1	3
Councillors, senior officials and managers	Female	15	0	0	0	0	0	2	3	3	3	0	3	5
	Male	40	0	0	0	1	1	1	0	4	4	0	5	5
Technicians and associate professionals*	Female	130	0	0	0	24	24	24	3	2	2	0	26	26
	Male	404	0	0	0	55	55	55	11	8	9	0	63	64
Professionals	Female	24	0	0	0	2	2	2	0	6	6	0	8	8
	Male	25	0	0	0	5	5	5	0	2	2	0	2	2
Sub total	Female	171	0	0	0	0	26	0	0	11	12	0	37	40
	Male	471	0	0	0	0	62	62	0	14	17	0	71	74
Total		642	0	0	0	88	176	152	17	50	58	0	216	228
*Registered with professional Associate Body e.g. CA (SA)														T 4.5.1

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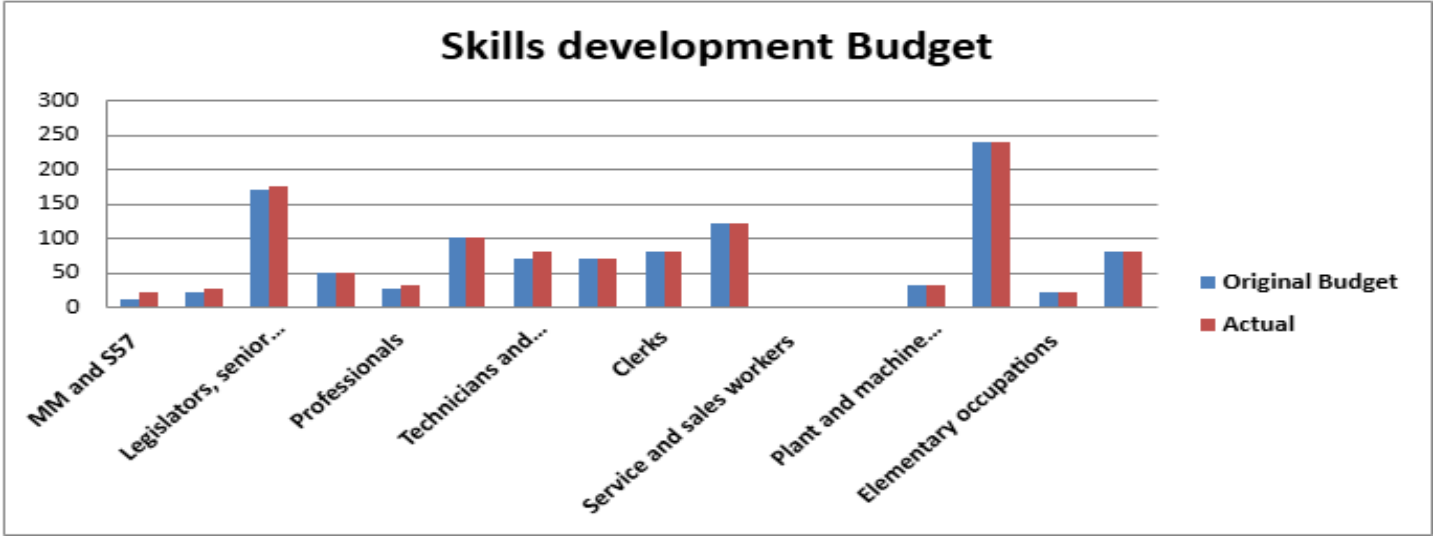
4.5.2 FINANCIAL COMPETENCY DEVELOPMENT

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	1	2	1	1	1
Chief financial officer	1	1	2	0	0	0
Senior managers	1	1	2	2	2	1
Any other financial officials	47	47	94	1	0	10
Supply Chain Management Officials						
Heads of supply chain management units	4	4	8	1	1	1
Supply chain management senior managers	0	0	0	1	1	1
Total	54	54	108	6	5	14
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

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4.5.3 SKILSS DEVELOPMENT EXPENDITURE

R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2024/2025							
			Learnerships		Skills programmes and other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2	0	0	0	0	10	20	10	20
	Male	2	0	0	0	0	20	25	20	25
Legislators, senior officials and managers	Female	15	0	0	0	0	170	175	170	175
	Male	40	0	0	0	0	50	50	50	50
Professionals	Female	24	0	0	0	0	25	30	25	30
	Male	25	0	0	0	0	100	100	100	100
Technicians and associate professionals	Female	17	0	0	10	10	70	70	70	80
	Male	79	0	0	35	35	35	35	70	70
Clerks	Female	59	0	0	0	0	80	80	80	80
	Male	44	0	0	0	0	120	120	120	120
Service and sales workers	Female	13	0	0	0	0	0	0	0	0
	Male	30	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	2	0	0	15	15	15	15	30	30
	Male	45	0	0	120	120	120	120	240	240
Elementary occupations	Female	60	0	0	10	10	10	10	20	20
	Male	185	0	0	40	40	40	40	80	80
Sub total	Female	192	0	0	10	10	355	375	365	385
	Male	450	0	0	35	35	325	330	360	365
Total		642	0	0	45	45	680	705	725	750
T4.5.3										



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

The Municipality is ensuring that Employees acquire Minimum Competency Level as enshrined in the Municipal Finance Management Act, 56 of 2003. Training Policy for the Councillor and Employee Study Aid Policy provides guidelines on effective training for both Councillors and Employees.

One (1) Senior Manager has completed the Municipal Finance Management Development Programme (MFMP) in 20-24/2025 in ensuring minimum competency requirements are met, Financial Officials also participated i and completed the programme.

Section 4.5.3 of the Skills Matrix has a total number of 642 Employees which include 33 Councillors and 5 Municipal Finance Treasury Interns, therefore , as a result that the staff compliment does not tally with because the financial year of reporting to the Local Government Sector Education and Training authority is from 01 May 2024 to 30 April 2025 contrary to the financial year of the Municipality. The discrepancies are as a result of attrition.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6.0 INTRODUCTION TO THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the Municipal Systems Act, No. 32 of 2000 states that the Accounting Officer of a Municipality must report to the Council an expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations of 2002 as well as the National Treasury Budget and Reporting Regulations SA22 and SA23. Below is a summary of staff and Councillors benefits for the year under review.

T 4.6.0

4.6.1 WORKFORCE EXPENDITURE TRENDS

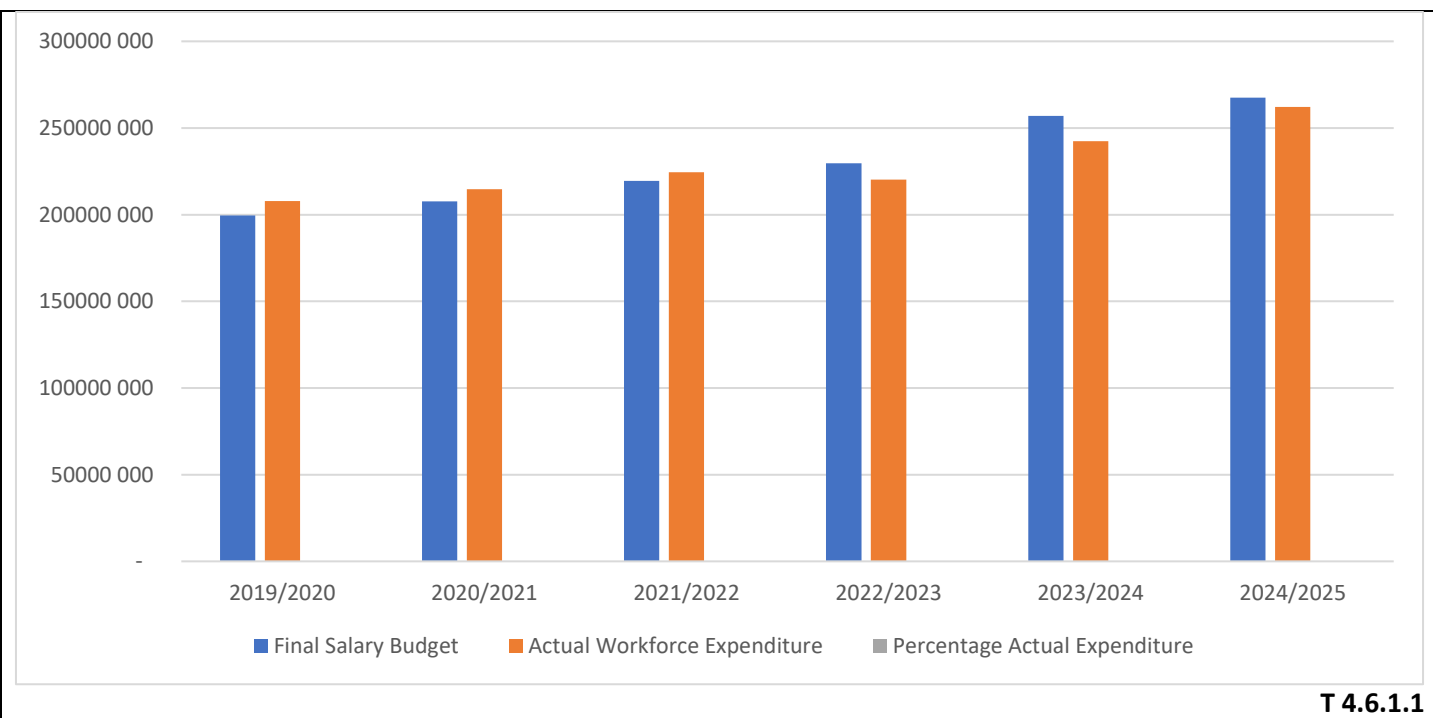
The Municipality is required to manage all its resources, be they financial or human in most effective and efficient way. To ensure prudent management of the financial resources which include the workforce expenditure, the management ensures that there's strict adherence to policy and procedure when dealing with issues that have direct bearing on the workforce expenditure such as standby allowance, acting allowance, overtime allowance and filing of vacant positions. Consequently, the following measures are undertaken:

- Budgets are strictly controlled and over and /or under expenditure is reported on a regular basis.
- Acting, overtime and standby are preplanned unless it is on urgent and emergency basis.
- Overtime and standby allowances payments are reported on regularly.
- No personnel appointments are made without the necessary labour requisition forms.
- All personnel appointments are made as per the relevant legislative requirements.

Year	Final Salary Budget	Actual Workforce Expenditure	Percentage Actual Expenditure
2019/2020	199 527 765	207 911 862	104.20%
2020/2021	207 761 024	214 610 185	103.30%
2021/2022	219 521 480	224 507 229	102.27%
2022/2023	229 654 752	220 237 564	95.90%
2023/2024	257 043 300	242 302 424	94.26%
2024/2025	267 542 412	262 228 423	98.01%

T 4.6.1

4.6.1.1 COMMENT ON THE WORKFORCE EXPENDITURE



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4.6.2 NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
Municipal Manager and S 57	Female	0
	Male	0
Total		0
		T 4.6.2

4.6.3 EMPLOYEES WHOSE SALARY LEVELS EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None
				T 4.6.3

4.6.4 EMPLOYEES APPOINTED TO POST NOT APPROVED

Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
Engineering	5	05 July 2015	1	Commission for Conciliation, Mediation and Arbitration Award
Engineering	5	01 September 2007	1	Post was existing in the previous structure
Engineering	2	15 Marh 2015	1	Promoted
Development Planning and Social Security	5	01 September 2007	1	Post was existing in the previous structure
Development Planning and Social Security	5	01 Jun 2013	1	Transferred
Treasury	6	01 Mar 2013	4	Positions were existing in the previous structure
Engineering	8	01 Jun 2013	2	Positions were existing in the previous structure
Office of the Municipal Manager	9	01 Jun 2013	1	Transferred
Engineering	1	Amalgamation	1	Positions were existing in the previous structure
Development Planning and Social Security	17	Amalgamation	1	Positions were existing in the previous structure
Development Planning and Social Security	9	Amalgamation	2	Positions were existing in the previous structure
				T 4.6.4

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4.6.5 COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

No positions were upgraded during the financial year 2024/2025

T 4.6.5

4.6.6 DISCLOSURE OF FINANCIAL INTERESTS

Period 1 July 2023 to 30 June 2024		
Position	Name	Description of Financial interests* (Nil / Or details)
Executive Mayor	S.J Mbiwe	- Bold Moves 198 – Coordinating Cherry Jazz Festival = R0,00 Land at 40 Koppie Street = R150 000,00 - House at 32 Koppie Street = R1 100 000.00
Member of Mayoral Committee	T.E Makae	ERF 88 Zone 3 in Meqheleng Ficksburg = R130 000.00
	T. Ancell	- Wife is part of Qalo Bocha Trading and have requested land from the Municipality = R0,00 - House at 58 Bloem Street in Ficksburg = R1 200 000.00
	K.E Koalane	- Hospital Board Member at Department of Health = R 1 400 per sitting - House in Hlohlolwane = R 0,00 - Site in Hlohlolwane = R0,00
	M.W Selasi	- House at 5489 in Matwabeng Senekal = R 250 000 - Wife owns Construction Company – Lucia and Pitso Creation LTD = R0,00
	T.I Mthimkhulu	9 room houses at 1st South Clocolan = R280 000,00 - Open site at 2nd South Clocolan = R60 000,00 - Open site at 861 Tinie Van Rooyen = R17 000,00
Speaker	P.I Mavaleliso	None
Other Councillors	T.L Langa	Local Taxi Operator = R2000,00
	N.P Khatlake	- NPK Glasses and Aluminum Private Company = R 0, Manyora Trading Close Corporation = R 0 - Chozaza Trading Close Corporation = R 0 - Tswellang Farming Private Company = R 0
	L.E Mohanoe	None
	T.S Manako	None
	M.E Letube	- Morake Letube Builders – Not operating - Rich Kings Investments – Cash Loan – Not operating
	S.M Mokheseng	None
	M.C Heymans	House measuring 730 = R 475 000,00
	L.G Mokoakoe	Kwacyen Properties = R 0
	T.P Motsoane	- Land at Moemaneng = R 30 000,00 - Macha Papa's Catering and Construction Company = R0,00
	I.E Oberholzer	- Director at No Oelofse Law Firm = R 15 000,00 - Attorney at NO Oelofse Inc = R 15 000,00 - Erf 504 in Senekal = R 70 000,00 - Erf 628 in Senekal = R390 000,00
	M.F Odendaal	Estate Agent at N.O. Oelofse Attorneys = On Commission Erf 230 and 231 in Senekal = R 500 000,00
	J.M Janssonius	- Shares at ADC Development Corp = R 15 000,00 - Director at ADC Development Corp – Not in business with state - Thepang Carriers and Rentals PTY LTD = R 483 989.15
	M.J Mokhobo	None
	M.J Maleke	Land at 3535 in Moemaneng = R0,00

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	L.E Motloenya	Local Food Vendor Lapeng Monate Foods = ± R 3 000 - Nwesetsa Foundation Non-profit Organisation
	H. Dell	50 % Shares SBA Cattle Company = R 500 25 % Shares Nebo Estate CC = R 25 - SBA Cattle Company (PTY) Agriculture = R 0
	M.M Mokhele	7 Roomed House = R 700 000
	P.E Koqo	1 Share at Waste Management General Green Setsoto Recycling Scrap and Metal = 100% - RDP House in Senekal = R 60 000
Other Councillors	M.D Mofokeng	None
	I. Vries	50% share in Vries Enterprises 6 roomed houses = R250 000,00
	S.M Constable	House at erf 10 Semonia Street Caledon Park = R 400 000,00
	M.A Ponya	Holder of Taxi operating license and member of SANTACO = R10 000,00
	T.G Makhalanyane	- Site 1413 at Meqheleng = R 50 000 - House at 1413 = R 500 000
	L.D Thamae	- AFASA Farmer Association - Grain SA member - Hambury Ranch - Ficksburg TAXI Association - House at 2084 in Ficksburg = R203 000,00 - Empty stand 5665 in Ficksburg = R 90 000,00 - Hanbury Ranch (Leasing) 428ha = R 2 900 000.00
	P.J Vermeulen	- Shares at Macv Liquor = R 0 - Bottle Store Owner at Macv Liquor = R 0 - Steyn Strfo House in Marquard = R 680 000
	C.D Moipatli	None
Municipal Manager	N.F Malatjie	- Shares at Sasol = R 6 000,00 - House in Boksborg 982sqm = R2 300 000,00
Chief Financial Officer	L. Moletsane	100% Ownership of Mhleka Inv. Holdings - Director of Mhleka PTY LTD - Residence at Riebeeckstad= R 900 000,00 - Residence at Riebeeckstad = R 200 000,00 - Residence at Ficksburg = R 350 000,00
Director Engineering	T. Marotholi	50% share in Pinnacle Invest Holdings 50% share in Pinnacle Global Group 100% share in TA Group 10% share in Delimopumo Enterprise - House at 455 Zone 2 Meqheleng = R 283 000,00 - House at 13 Bonkebok24 = R1 100 000.00
Director Corporate Services and Director Community Services did not disclose their financial interests		
T 4.6.6		

CHAPTER 5: FINANCIAL PEROFRMANCE

5.0.1 INTRODUCTION TO FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components: • Component A: Statement of Financial Performance • Component B: Spending Against Capital Budget • Component C: Other Financial Matters	T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1.0 INTRODUCTION TO FINANCIAL STATEMENTS

The Annual financial Statements are done with the assistance of an external service provider and review by external service providers before submission to the Office of the Auditor General of South Africa.	T 5.1.0

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5.1.1 STATEMENT OF FINANCIAL STATEMENTS

Description	Year 2024/2025											2023/2024			
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments 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	85 836	–	85 836			85 836	86 081		245	100%	100%				
Service charges	304 407	8 000	312 407			312 407	307 375		(5 032)	98%	101%				
Investment revenue	11 454	(2 061)	9 393			9 393	10 052		659	107%	88%				
Transfers recognised - operational	270 624	–	270 624			270 624	274 288		3 664	101%	101%				
Other own revenue	93 180	62 420	155 600			155 600	72 314		(83 286)	46%	78%				
Total Revenue (excluding capital transfers and contributions)	765 501	68 359	833 861	–	–	833 861	750 111	–	(83 750)	90%	98%	–	–	–	–
Employee costs	267 542	–	267 542			267 542	262 228		(5 314)	98%	98%				
Remuneration of councillors	16 158	710	16 868			16 868	15 272		(1 596)	91%	95%				
Debt impairment	93 089	43 894	136 983			136 983	(26 977)		163 960)	-20%	-29%				
Depreciation and asset impairment	162 863	6 236	169 099			169 099	140 282		(28 818)	83%	86%				
Finance charges	2 550	733	3 283			3 283	4 103		820	125%	161%				
Materials and bulk purchases	185 635	6 278	191 913			191 913	142 972		(48 941)	74%	77%				
Transfers and grants	32 159	17 602	49 761			49 761	47 265		(2 496)	95%	147%				
Other expenditure	165 735	32 839	198 574			198 574	250 702		52 128	126%	151%				
Total Expenditure	925 732	108 293	1 034 024	–	–	1 034 024	835 847		(198 177)	81%	90%				
Surplus/(Deficit)	160 230)	(39 933)	(200 163)			(200 163)	(85 736)		(283 914)	43%	54%				
Transfers recognised - capital	218 681	–	218 681			218 681	205 400		(13 281)	94%	94%				

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Contributions recognised - capital and contributed assets	–		–			–	–		–	0%	0%				
Surplus/(Deficit) after capital transfers and contributions	58 451	(39 933)	18 518			18 518	119 664		101 146	646%	205%				
Share of surplus/ (deficit) of associate	–	–	–	–		–	–		0		0%				
Surplus/(Deficit) for the year	58 451	9 933)	18 518			18 518	119 664		101 146	646%	205%				
Capital expenditure and funds sources															
Capital expenditure	231 766	117 229	348 995			348 995									
Transfers recognised - capital	218 681	40 261	258 942			258 942									
Public contributions and donations	0	–	–			–									
Borrowing	5 300	(4 700)	600			600									
Internally generated funds	7 785	(5 182)	2 603			2 603									
Total sources of capital funds	231 766	30 379	262 145			262 145									
Cash flows															
Net cash from (used) operating	972 431		421 501			421 501									
Net cash from (used) investing	(231 582)		(210 450)			(210 450)									
Net cash from (used) financing	–		5			5									
Cash/cash equivalents at the year end	834 047		268 119			268 119									
T 5.1.1															

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5.1.2 FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

Financial Performance of Operational Services						
						R '000
Description	Year 2023/24	Year 2024/25			Year 2024/25 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	174 591	160 300	216 087	120 976	-32.51%	-78.62%
Waste Water (Sanitation)	69 762	73 594	107 439	72 001	-2.21%	-49.22%
Electricity	152 036	204 779	182 793	139 100	-47.22%	-31.41%
Waste Management	73 215	67 583	93 007	80 494	16.04%	-15.55%
Housing	12 894	13 700	18 944	74 035	81.50%	74.41%
Component A: sub-total	482 498	519 956	618 270	486 606	-6.85%	-27.06%
Waste Water (Stormwater Drainage)						
Roads	92 858	141 103	106 991	85 613	-64.81%	-24.97%
Transport						
Component B: sub-total	92 858	141 103	106 991	85 613	-64.81%	-24.97%
Planning	4 274	10 759	11 572	4 508	-138.66%	-156.70%
Local Economic Development	3 687			4 291	100.00%	100.00%
Component B: sub-total	7 961	10 759	11 572	8 799	-22.28%	-31.51%
Planning (Strategic and Regulatory)						
Local Economic Development						
Component C: sub-total	–	–	–	–		
Community and Social Services	22 503	21 829	27 614	18 227	-19.76%	-51.50%
Environmental Protection						
Health	(2 636)					
Security and Safety	9 664	10 767	10 665	10 383	-3.70%	-2.72%
Sport and Recreation	12 054	13 177	13 049	12 046	-9.39%	-8.33%
Corporate Policy Offices and Other	219 602	208 141	245 863	214 172	2.82%	-14.80%
Component D: sub-total	261 187	253 914	297 191	254 828	0.36%	-16.62%
Total Expenditure	844 504	925 732	1 034 024	835 846	-10.75%	-23.71%
						T 5.1.2

5.1.3 COMMENT ON FINANCIAL PERFORMANCE

This table presents operational income offset against operational expenditure, resulting in a net operational expenditure total for each service, as detailed in the individual net service expenditure tables in Chapter 3. Variances are determined by calculating the difference between actual and original/adjusted budgets relative to the actual figures.

Overall, total expenditure variances exceeded both the original and adjusted budgeted amounts. It is important to highlight that trading services—such as water, electricity, sanitation, refuse removal, and roads—hold a significant portion of municipal assets and are subject to debt impairment. Consequently, expenditure in these areas often surpasses budgeted levels due to depreciation and debt impairment costs.

T 5.1.3

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

5.2.1 GRANTS PERFORMANCE

R' 000						
Description	2023/2024	2024/2025			2024/2025 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:						
Equitable share	251 487	267 230	267 230	267 230	100%	0%
Department of Water Affairs	164 125	163 959	(325 039)	161 080	98%	46%
Other transfers/grants [insert description]	49 045	-	(97 359)	48 314	100%	49%
Provincial Government:						
Capacity Building & Other	-	-	-	2 626	0%	100%
District Municipality:	-	-	-	-	0%	0%
Other grant providers:						
SETA	407			439	0%	100%
Total Operating Transfers and Grants	465 064	431 189	(422 398)	479 689	110%	113%
T 5.2.1						

5.2.2 COMMENT ON OPERATING TRANSFERS AND GRANTS

All grants were received as scheduled. The conditional grants allocations for the current year, remained constant over the last three years. The has been under spending of conditional grants for the year under review.

T 5.2.2

5.2.3 GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT 2024/2025

Grant	Original Allocation	Revised Allocation	Expenditure At 30 June 2025	Expenditure (%)
MIG	56 025 000	56 025 000	56 025 000	100%
RBIG	143 951 000	123 951 000	123 951 000	100%
WSIG (Schedule 5B)	R 7 000 000	7 000 000	7 000 000	100%
EPWP Incentive	1394 000	N/A	1 394 000	100%
T 5.2.3				

5.2.4 COMMENT ON CONDITIONAL GRANTS RECEIVED FROM OTHER SOURCES

The municipality spent 100% of its conditional grants for capital projects.

T 5.2.4

5.3 INTRODUCTION TO ASSET MANAGEMENT

Management of the assets of the municipality, including the safeguarding and the maintenance of those assets. To ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality and that the municipality's assets and are valued in accordance with standards of generally recognised accounting practice and that the municipality has and maintains a system of internal control of assets including an asset register as may be prescribed

T 5.3

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

5.3.1 TREATMENT OF THE THREE LARGEST ASSETS REQUIRED: 2024/2025

Asset 1			
Name	Construction of The Cyferfontein Abstraction Civil Works (Senekal/ Matwabeng)		
Description	Construction of The Cyferfontein Abstraction Civil Works (Senekal/ Matwabeng)		
Asset Type	Water Supply Infrastructure		
Key Staff Involved	PMU and Water Management Division		
Staff Responsibilities	Maintenance and Safeguard		
Asset Value	2022/2023	2023/2024	2024/2025
	41 261 864.87	61 099 709.69	67 402 125.64
Capital Implications	Operating Costs		
Future Purpose of Asset	Their primary objective is to overcome the forces of gravity and friction. By doing so, pumping stations ensure the efficient flow of water from its source to various destinations, such as homes, industries, and commercial establishments.		
Describe Key Issues			
Policies in Place to Manage Asset	Assets Management Policy		
Asset 2			
Name	Installation of The Prepaid Electrical Meters		
Description	Installation of The Prepaid Electrical Meters		
Asset Type	Electrical Infrastructure		
Key Staff Involved	PMU and Electrical Division		
Staff Responsibilities	Maintenance and Safeguard		
Asset Value	2022/2023	2023/2024	2024/2025
	60 671 055.18	60 671 055.18	66 977 764.31
Capital Implications	Operating Costs		
Future Purpose of Asset	Improved revenue collection and cash flow and reduction of bad debts and impairment. It also assists with long term financial planning and infrastructure funding.		
Describe Key Issues			
Policies in Place to Manage Asset	Assets Management Policy		
Asset 3			
Name	Resuscitation of Wastewater Treatment Works (Senekal/ Matwabeng)		
Description	Refurbishment of the wastewater treatment plant including civil, electrical and mechanical works		
Asset Type	Sanitation		
Key Staff Involved	PMU and Electrical Division		
Staff Responsibilities	Maintenance and Safeguard		
Asset Value	2022/2023	2023/2024	2024/2025
	1 565 500.00	12 294 091.44	27 316 565.08
Capital Implications	Operating Costs		
Future Purpose of Asset	Refurbishment of deteriorating water infrastructure is undertaken with a focus on restoring operational integrity, enhancing system performance, and supporting long-term service continuity		
Describe Key Issues			
Policies in Place to Manage Asset	Assets Management Policy		
T 5.3.1			

5.3.2 COMMENT ON ASSET MANAGEMENT

Most of the municipality's assets are aging and therefore there are serious backlogs in the delivery of basic services to the community since the municipality has financial constraints and only depending mostly on grants. The is also high rate of theft and vandalism that seems to be increasing daily.

T 5.3.2

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

5.3.3 REPAIR AND MAINTENANCE EXPENDITURE 2024/2025

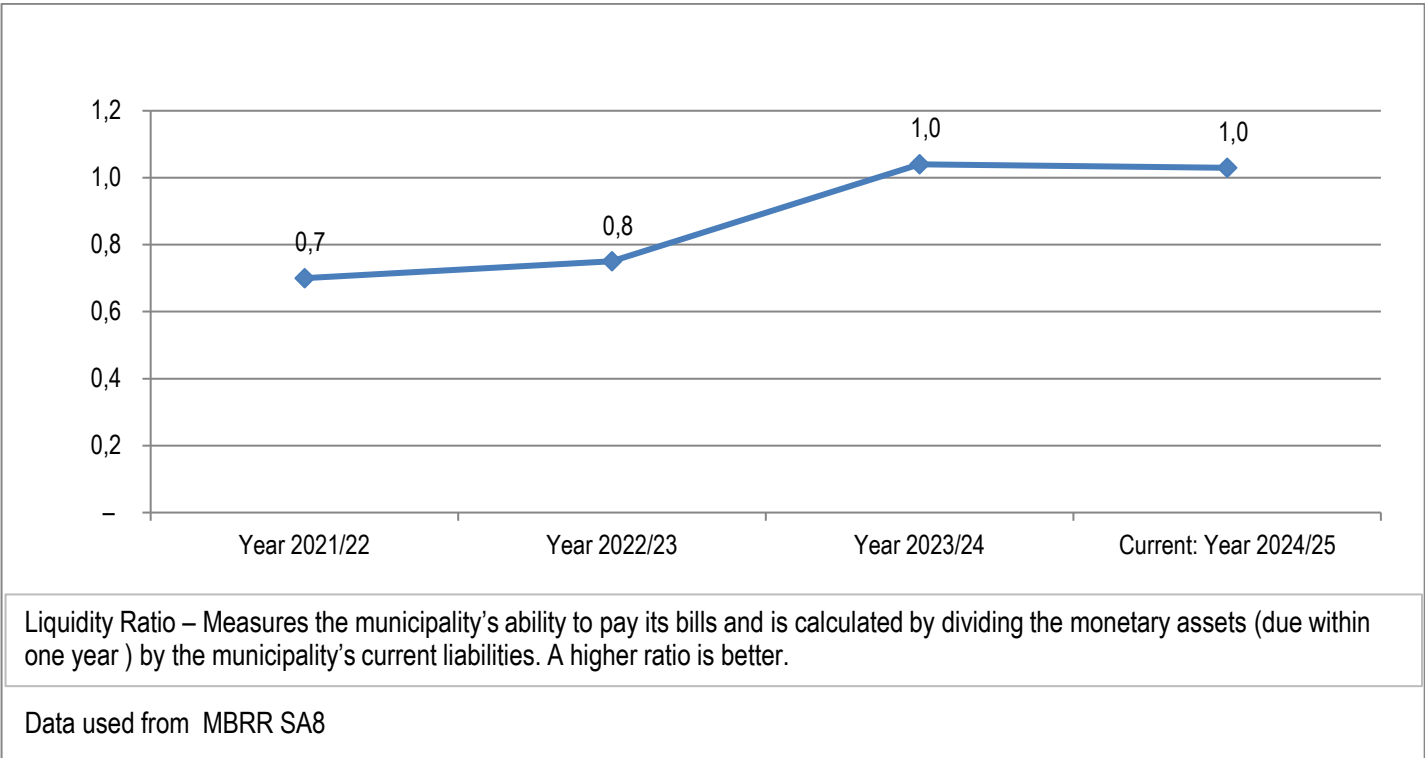
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	28 114	28 114	13 466	52%
				T 5.3.3

5.3.3.1 COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

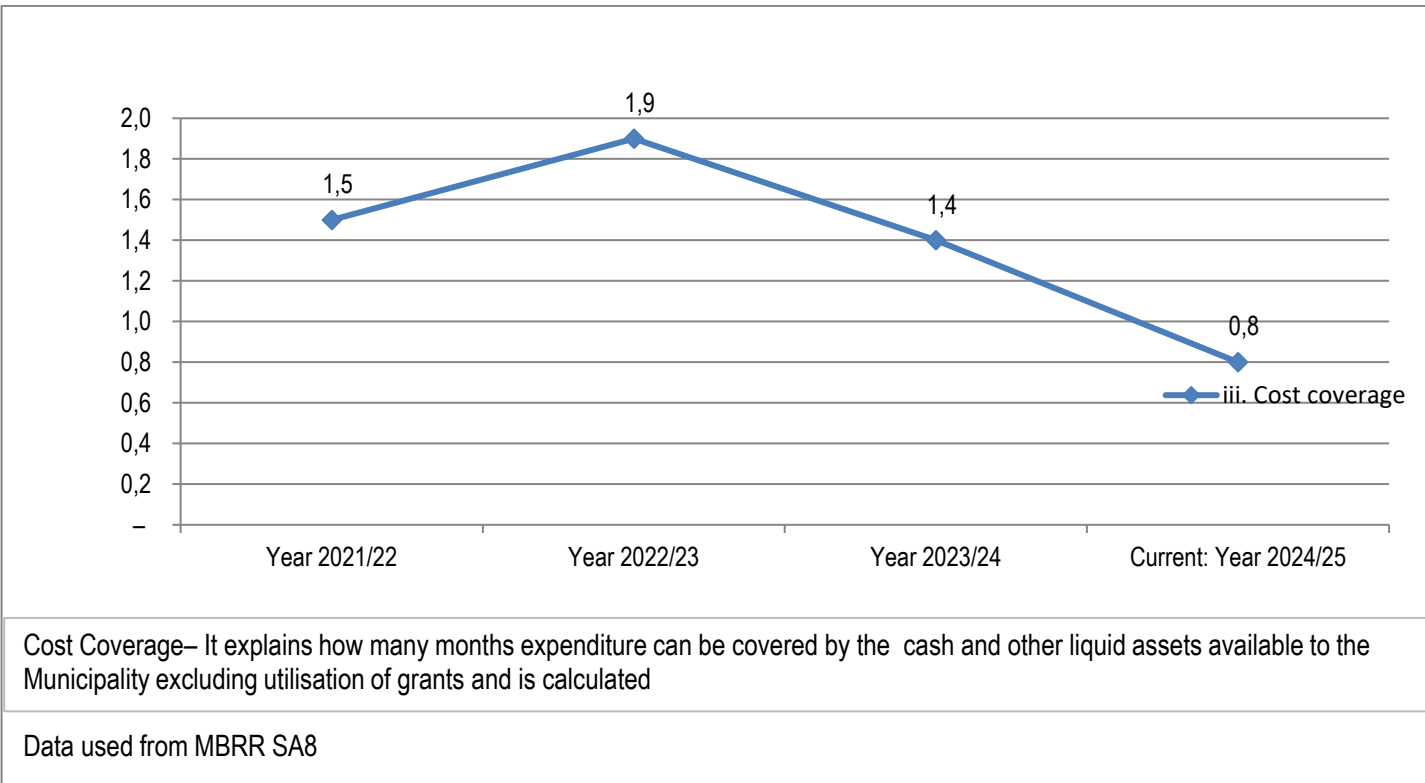
The municipality's performance against the budget is at 52% compared to the budgeted. Due to the financial difficulties that the municipality is undergoing it is impossible to service all assets however those that need urgent attention are attended to.	T 5.3.3.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

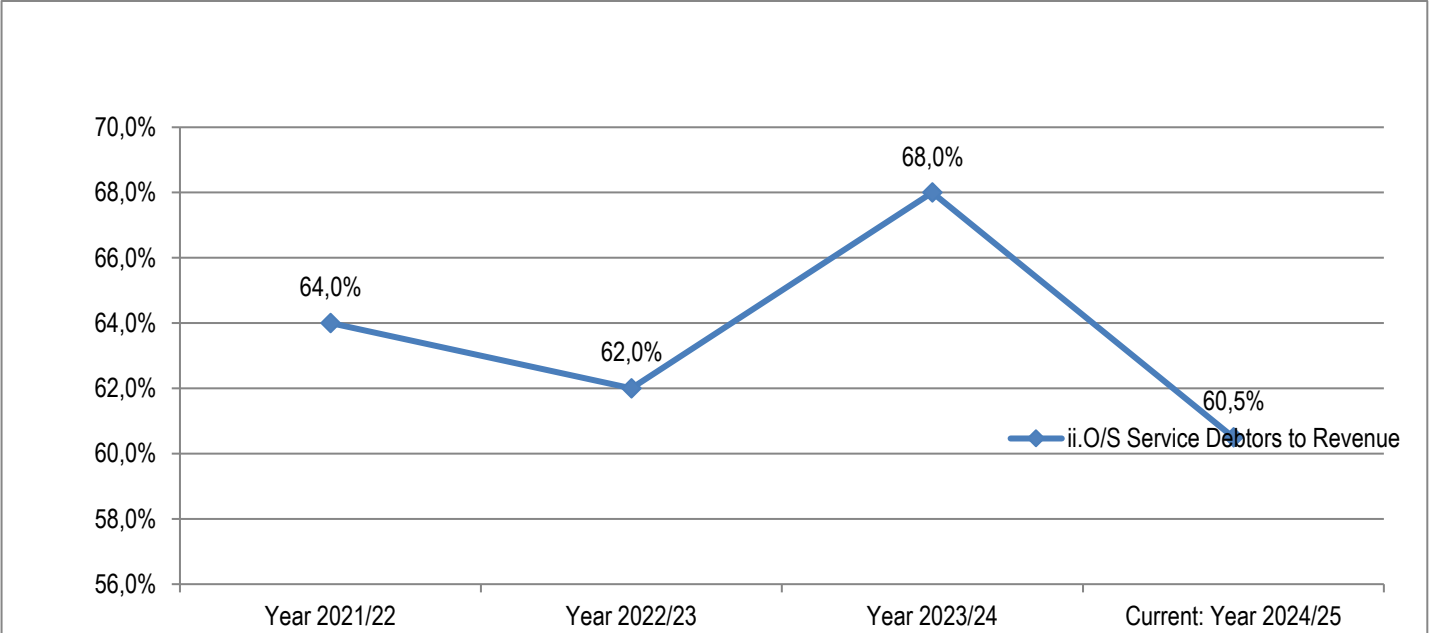
5.4.1 LIQUIDITY RATIO



5.4.2 COST COVERAGE



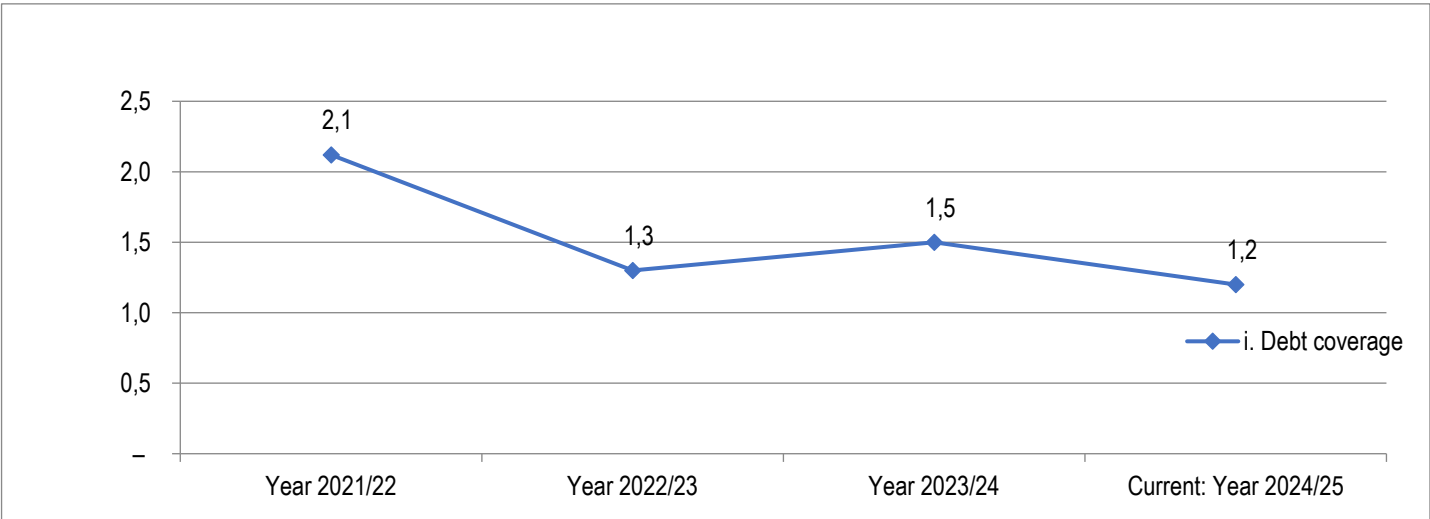
5.4.3 TOTAL OUTSTANDING SERVICE DEBTORS



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

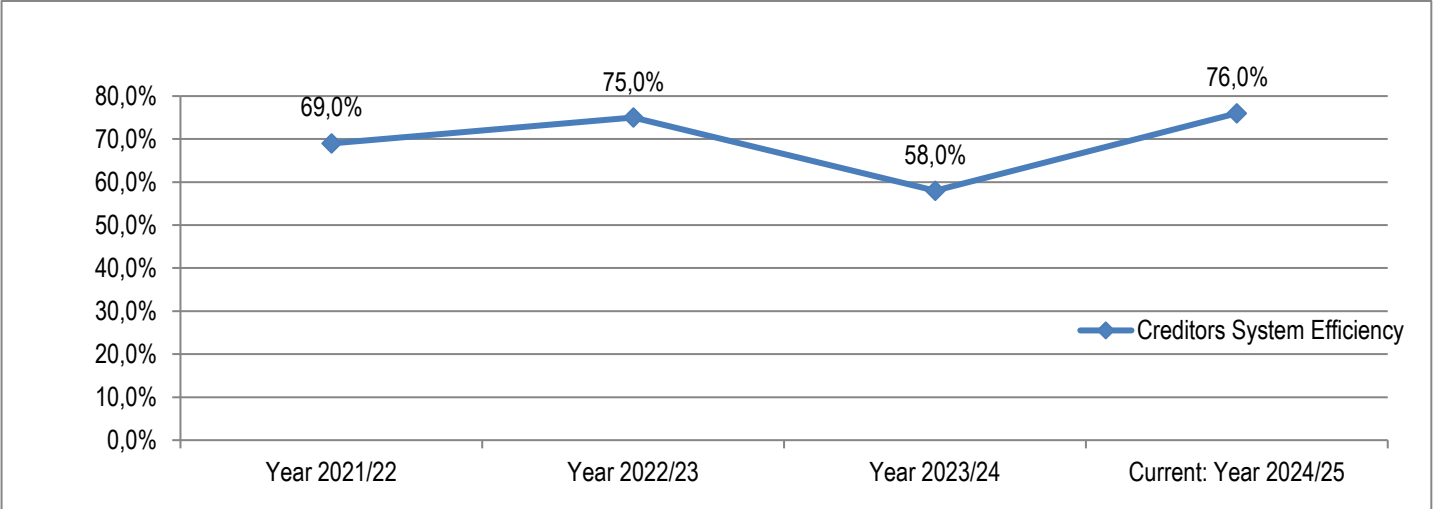
5.4.4 DEBT COVERAGE



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

Data used from MBRR SA8

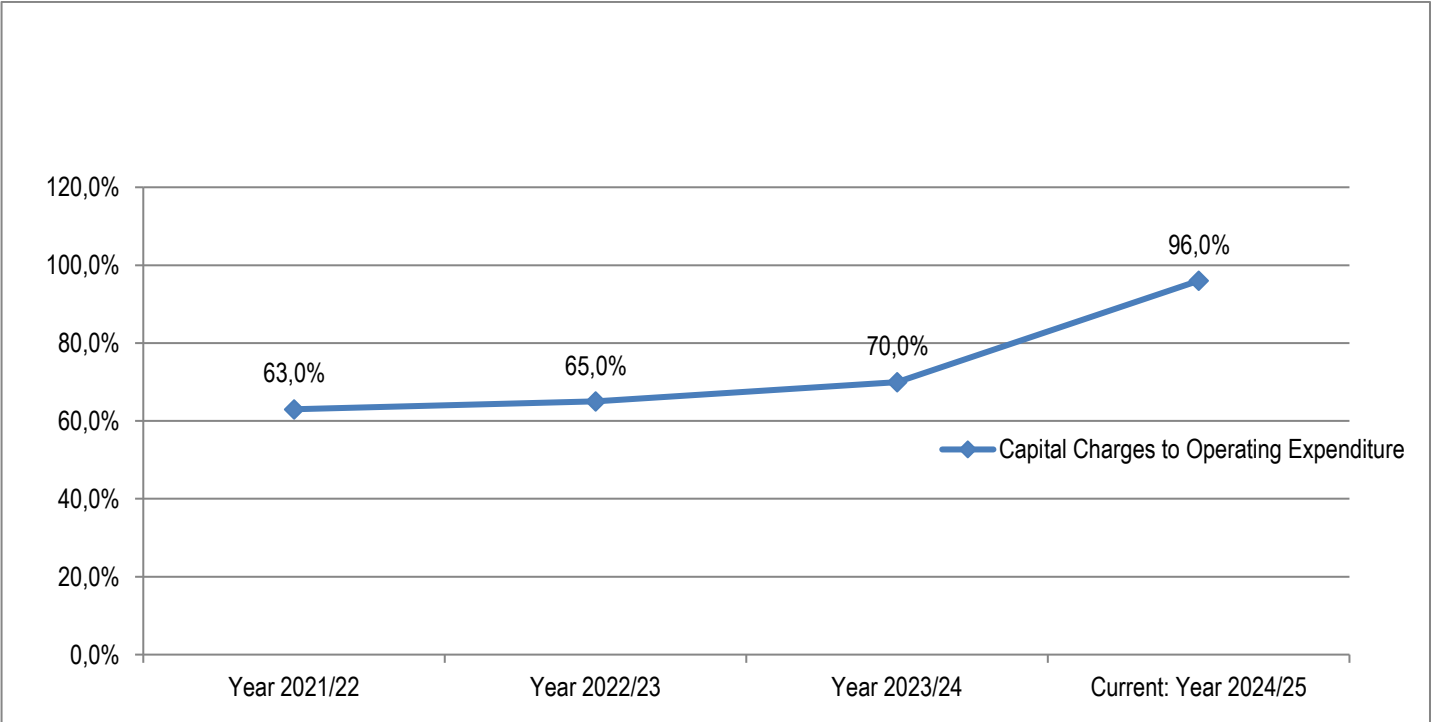
5.4.5 CREDITORS SYSTEM EFFICIENCY



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

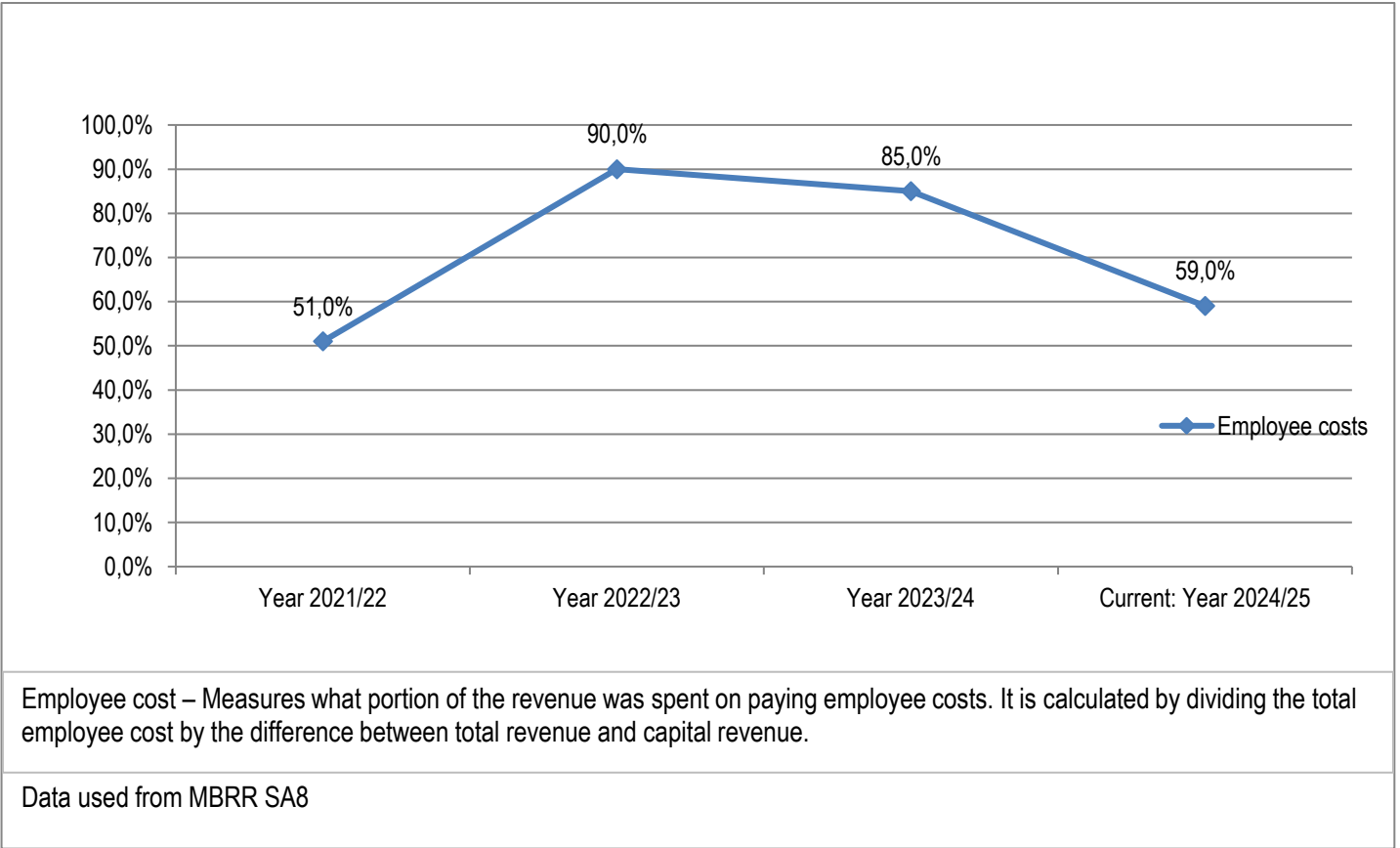
5.4.6 CAPITAL CHARGES TO OPERATING EXPENDITURE



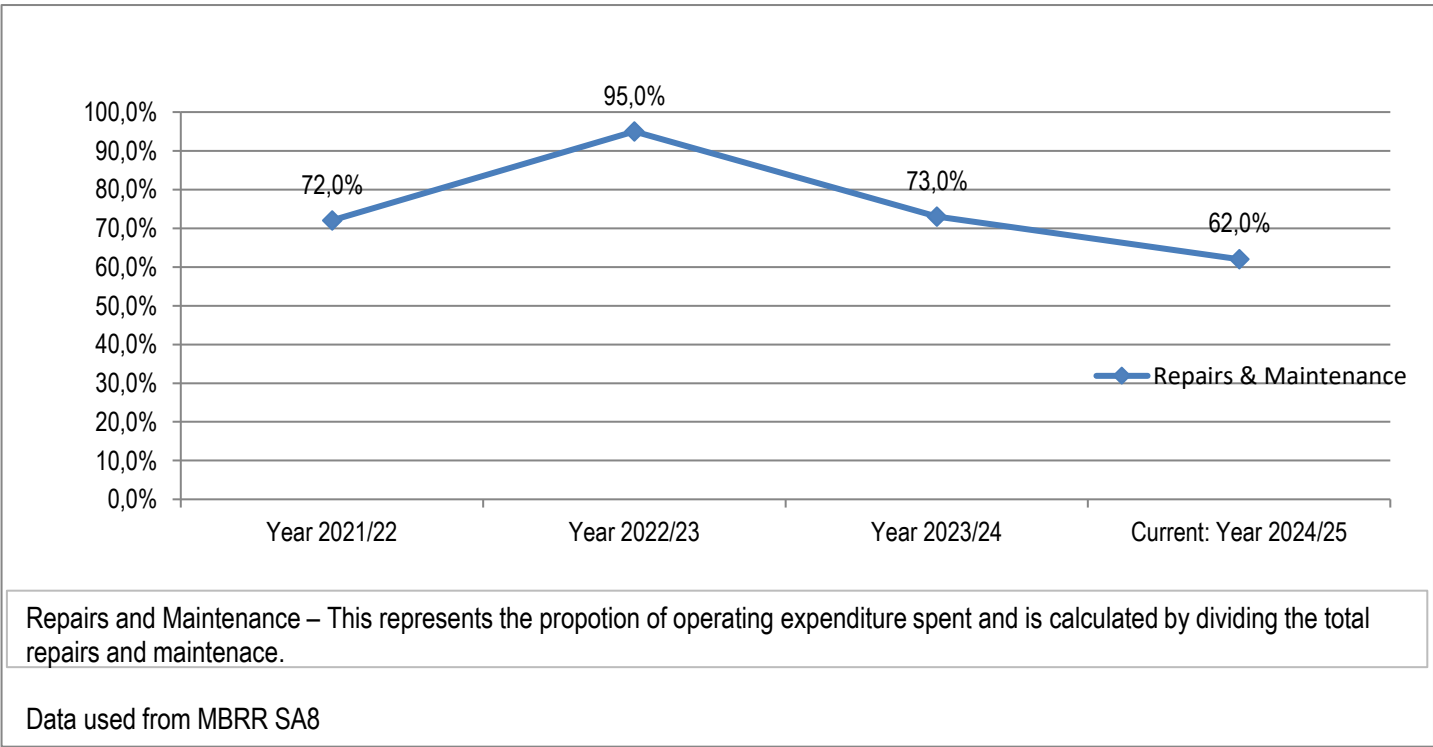
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

5.4.7 EMPLOYEE COSTS



5.4.8 REPAIRS AMD MAINTENANCE



5.4.9 COMMENT ON FINANCIAL RATIOS

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates, and hedges financial risks in close co-operation with the municipality’s operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. 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. Cash flow forecasts are prepared, and adequate utilised borrowing facilities are monitored. The municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. 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 counterparty.	T 5.4.9

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

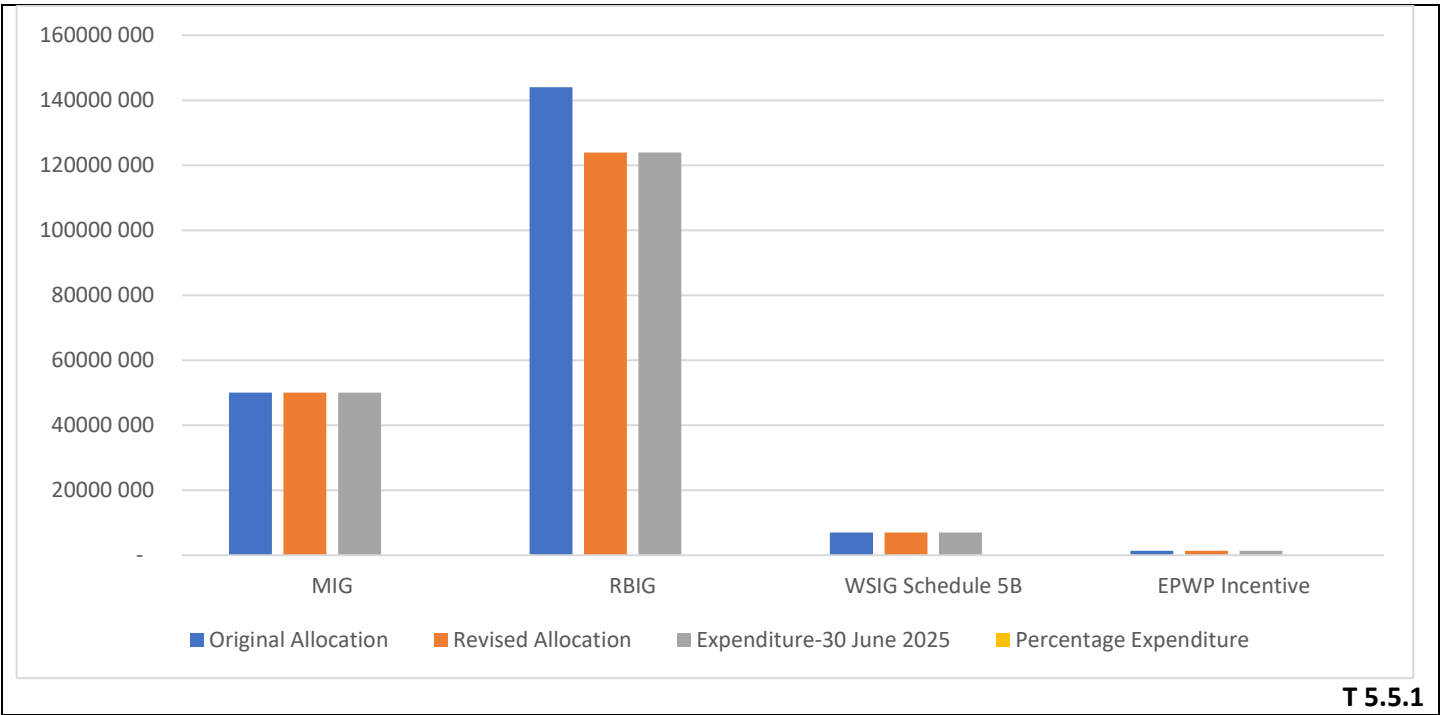
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The Project Management Unit in the financial year 2024/2025 managed to spend 100% on Municipal Infrastructure Grant. The expenditure for Regional Bulk Infrastructure Grant and Water Services Infrastructure Grant was 100% and 100% respectively.

T 5.5

5.5.1 CAPITAL EXPENDITURE 2024/2025



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5.6.1 CAPITAL EXPENDITURE-FUNDING SOURCES 2023/2024 TO 2024/2025

R' 000						
Details	2023/2024	2024/2025				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	3 542	5 500	5 520	5 511	0,36%	0,20%
Public contributions and donations	248	300	390	421	30,00%	40,33%
Grants and subsidies	3 451	3 700	3 700	3 856	0,00%	4,22%
Other	2 451	4 500	4 600	4 565	2,22%	1,44%
Total	9 692	14 000	14 210	14 353	32,59%	46,19%
Percentage of finance						
External loans	36,5%	39,3%	38,8%	38,4%	1,1%	0,4%
Public contributions and donations	2,6%	2,1%	2,7%	2,9%	92,1%	87,3%
Grants and subsidies	35,6%	26,4%	26,0%	26,9%	0,0%	9,1%
Other	25,3%	32,1%	32,4%	31,8%	6,8%	3,1%
Capital expenditure						
Water and sanitation	1 845	4 300	42 50	4 256	-1,16%	-1,02%
Electricity	1 562	2 400	2 480	2 453	3,33%	2,21%
Housing	1 243	2 700	2 800	2 685	3,70%	-0,56%
Roads and storm water	1 352	1 500	1 400	1 486	-6,67%	-0,93%
Other	3 690	3 500	3 450	3 473	-1,43%	-0,77%
Total	9 692	14 400	14380	14 353	-2,22%	-1,08%
Percentage of expenditure						
Water and sanitation	19,0%	29,9%	29,6%	29,7%	52,4%	95,2%
Electricity	16,1%	16,7%	17,2%	17,1%	-150,1%	-205,4%
Housing	12,8%	18,8%	19,5%	18,7%	-166,8%	51,7%
Roads and storm water	13,9%	10,4%	9,7%	10,4%	300,2%	86,8%
Other	38,1%	24,3%	24,0%	24,2%	64,3%	71,7%
T 5.6.1						

5.6.1.1 COMMENT ON SOURCES OF FUNDING

Majority of the capital funding sources are from national government with a little bit of internally generated funds.
T 5.6.1.1

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5.7.1 CAPITAL EXPENDITURE ON 5 LARGEST PROJECTS

R' 000					
Name of Project	2024/2025			Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage (MIS:507219)	8 425 937,34	425 937,34	8 425 937,34	0%	0%
Construction of the Cyferfontein raw water abstraction pump station (Civil works)	10 883 888,96	10 883 888,96	10 883 888,96	0%	0%
Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Civil works)	53 352 463,36	53 352 463,36	53 352 463,36	0%	0%
Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Mechanical and Electrical works)	53 319 366,52	53 319 366,52	53 319 366,52	0%	0%
Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage (MIS:507228)	16 851 459,24	16 851 459,24	16 851 459,24	0%	0%
* Projects with the highest capital expenditure in 2024/2025					
Name of Project	Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage				
Objective of Project	Reconstruction of the main road and stormwater drainage system				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Employment generation for the local sub-contractors and labourers. Also to provide driveable roads to the community				
Name of Project	Construction of the Cyferfontein raw water abstraction pump station (Civil works)				
Objective of Project	Upgrade the supply of bulk water from the Sand River and Cyferfontein off- channel storage dam				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Employment generation for the local sub-contractors and labourers. Also to provide sufficient safe water to meet community needs				
Name of Project	Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Civil works)				
Objective of Project	Upgrade the supply of bulk water from the Sand River and Cyferfontein off- channel storage dam				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Employment generation for the local sub-contractors and labourers. Also to provide sufficient safe water to meet community needs				
Name of Project	Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Mechanical and Electrical works)				
Objective of Project	Upgrade the supply of bulk water from the Sand River and Cyferfontein off- channel storage dam				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Employment generation for the local sub-contractors and labourers. Also to provide sufficient safe water to meet community needs				
Name of Project	Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage				
Objective of Project	Reconstruction of the main road and stormwater drainage system				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Employment generation for the local sub-contractors and labourers. Also to provide driveable roads to the community				
T 5.7.1					

5.7.1.1 COMMENT ON CAPITAL PROJECTS

The municipality implements capital projects primarily through conditional grants:

1. **Regional Bulk Infrastructure Grant:** Funds bulk water and sanitation infrastructure to enhance quality and meet current and future demands.

2. **Water Services Infrastructure Grant:** Provides urgent interventions for interrupted services and immediate infrastructure needs.

3. **Municipal Infrastructure Grant:** Delivers basic services to communities and addresses service delivery backlogs through infrastructure development.

4. **Integrated National Electrification Programme:** Targets electrification backlogs and implements new technologies to reduce electrical losses.

Capital projects are executed as either new infrastructure developments or refurbishments of existing infrastructure to ensure adequate, consistent, and uninterrupted community services. These projects may span a single financial year or be funded across multiple financial years within the Medium-Term Revenue and Expenditure Framework.

T 5.7.1.1

5.8.1 INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOG

The below table analysis provides a snapshot of household access to essential services within the surveyed area, highlighting significant achievements and a critical priority for intervention. The data reveals a community with near-universal access to several core utilities: an impressive **95% of households** enjoy water supply and waste management services that exceed the minimum standard, while **94%** meet this benchmark for electricity. However, a stark contrast is evident in the area of **sanitation**, where a substantial **25% of households (7,935)** fall below the minimum service level.

This represents the most significant service gap identified, underscoring it as a key focus area for immediate and targeted improvement efforts to ensure equitable health and dignity for all residents. Data for housing standards is marked as not available (N/A) in this assessment as it is dependent for the provincial government housing subsidy allocation. Overall, while infrastructure coverage for water, electricity, and waste is robust, advancing sanitation access remains a crucial challenge.

T 5.8.1

5.8.2 SERVICE BACKLOGS AS AT 30 JUNE 2025

Households				
Focus Area	*Service level above minimum standard		**Service level below minimum standard	
	Number Households	% Households	Number Households	% Households
Water	29 518	95%	1 623	5%
Sanitation	23 206	75%	7 935	25%
Electricity	29 134	94%	2 007	6%
Waste management	29 518	95%	1 623	5%
Housing	N/A			
T 5.8.2				

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5.8.3 MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE 2024/2025 ON SERVICE BACKLOG

R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport						
Roads, Pavements and Bridges	30 036	30 036	30 036	30 036	30 036	None
Storm water	0	0	0	0	0	N/A
Infrastructure - Electricity						
Generation	0	0	0	0	0	N/A
Transmission and Reticulation	0	0	0	0	0	N/A
Street Lighting	8 269	8 269	8 269	8 269	8 269	None
Infrastructure - Water						
Dams and Reservoirs	120 000	120 000	120 000	120 000	120 000	None
Water purification	0	0	0	0	0	N/A
Reticulation	0	0	0	0	0	N/A
Infrastructure - Sanitation						
Reticulation	0	0	0	0	0	N/A
Sewerage purification	4 182	4 182	4 182	4 182	4 182	None
Infrastructure - Other						
Waste Management	0	0	0	0	0	N/A
Transportation	0	0	0	0	0	N/A
Gas	0	0	0	0	0	N/A
Total	162 487	162 487	162 487	162 487	162 487	
T 5.8.3						

5.8.4 COMMENT ON BACKLOGS

Setsoto Local Municipality has significantly addressed service backlogs for previously disadvantaged communities. However, it continues to face challenges in keeping up with the rapid growth of informal settlements, which also require basic services.

The municipality serves 31 141 households, with 94% and 75% of residents having access to basic water and sanitation services respectively. Most households have access to tap water within a 200-meter radius. Despite these achievements, the backlog in road infrastructure remains substantial.

T 5.8.4

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

In summary, for our municipality, cash flow management is the disciplined practice of ensuring we can always pay our bills and provide services. Investment is the prudent strategy of putting our temporary surplus to work, safely and responsibly, for the benefit of the community. This is not just finance—it's foundational to our ability to build a thriving, resilient, and trustworthy community

T 5.9

5.9.1 CASH FLOW OUTCOMES

R'000				
Description	2023/24	2024/25		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	195 237	483 127	540 846	215 813
Government - operating	228 975	270 624	270 624	270 007
Government - capital	217 104	218 681	218 681	202 143
Interest	38 444		–	31 703
Dividends	81		12 543	94
Payments				
Suppliers and employees	-469 453		-37 968	-549 217
Finance charges	-123		-733	-1 360
Transfers and Grants			-14 194	
NET CASH FROM/(USED) OPERATING ACTIVITIES	210 265	972 432	977 256	169 183
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	242	184	184	393
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	–			–
Payment				
Capital assets	-218 833	-231 766	-239 846	-181 220
NET CASH FROM/(USED) INVESTING ACTIVITIES	-218 591	-231 582	-239 662	-180 827
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	-820		–	-2 548
NET CASH FROM/(USED) FINANCING ACTIVITIES	-820	–	–	-2 548
NET INCREASE/ (DECREASE) IN CASH HELD	-9 145	740 850	737 594	-14 193
Cash/cash equivalents at the year begin:	66 208		57 063	57 063
Cash/cash equivalents at the year-end:	57 063	740 850	794 657	42 870
Source: MBRR A7				T 5.9.1

5.9.1.1 COMMENT ON CASH FLOW OUTCOMES

This isn't just about accounting; it's about stewardship, stability, and strategic service delivery. As a municipality, we are entrusted with public funds—tax, fees, grants—with a fundamental duty to use them wisely, ensure continuous services, and safeguard our community's financial health. Let's break this into two interconnected pillars: 1. Cash Flow Management: The Art of Timing and Certainty For us, cash flow management means predicting, tracking, and optimising the timing of cash inflows and outflows to ensure we can always meet our obligations. Why is it critical for us? Meeting Payroll and Obligations: We must always have the liquidity to pay our employees and suppliers on time. Debt Service: Missing a payment is not an option; it would cripple our credit rating and increase future borrowing costs dramatically. Smoothing Seasonal Mismatches: Property taxes may come in twice a year, but expenses (salaries, utilities, maintenance) occur every single day. We must plan for those gaps. Emergency Readiness: A snowstorm, a water main break, or a natural disaster requires immediate cash. A managed cash flow provides that buffer. Informing Decision-Making: It tells us if we can afford a new capital project, hire additional staff, or need to adjust spending. Key Tools for Us: The Cash Flow Forecast: Our essential roadmap. We project cash inflows (taxes, grants, fees) and outflows (payroll, debt payments, vendor invoices) weekly, monthly, and annually. Monitoring Key Cycles: Understanding our unique cycles—property tax collections, grant reimbursements, utility billings—is crucial. Liquidity Reserves: Maintaining an "unassigned fund balance" (our savings account) for unexpected shortfalls and opportunities. 2. Municipal Investment: The Prudent Growth of Public Funds Once we have a firm grasp on our daily, weekly, and monthly cash needs, we identify funds that are idle or not needed immediately. This is where investment comes in. Our primary investment objectives, in strict order of priority, are: Capital Infrastructure Investment: First and foremost. We cannot gamble with public funds. Preservation of capital is paramount. Liquidity: We must be able to access funds quickly to meet cash flow needs. Investments must mature when we need the cash.

Yield (Return): Only after safety and liquidity are assured do we seek a reasonable return to maximize public resources and combat inflation. Our Investment Framework is Governed By: State Statutes (Law): We operate under strict legal codes (often following guidelines like those in the Municipal Finance Management Act, 56 of 2003. Formal Investment Policy: This is our governing document, approved by the council. It outlines our objectives, authorised instruments, maturity limits, and risk tolerance. It ensures discipline and accountability. The "Prudent Person" Rule: We must invest with the care, skill, and diligence that a prudent person would exercise. The Powerful Synergy When cash flow management and investment work together, powerful outcomes emerge: Enhanced Financial Resilience: We are prepared for downturns and emergencies. Reduced Reliance on Debt: Strong cash reserves can mean lower short-term borrowing or even pay-as-you-go capital projects. Revenue Generation: Prudent investment of idle funds generates additional, non-tax revenue that can support services or reduce future tax pressures. Strong Credit Ratings: Demonstrating sophisticated cash and investment management is a key factor for rating agencies (like Moody's or S&P), leading to lower interest rates on bonds for roads, parks, and schools. Public Trust: It demonstrates transparent, responsible, and professional management of the community's resources.	T 5.9.1.1

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5.10 BORROWING AND INVESTMENTS

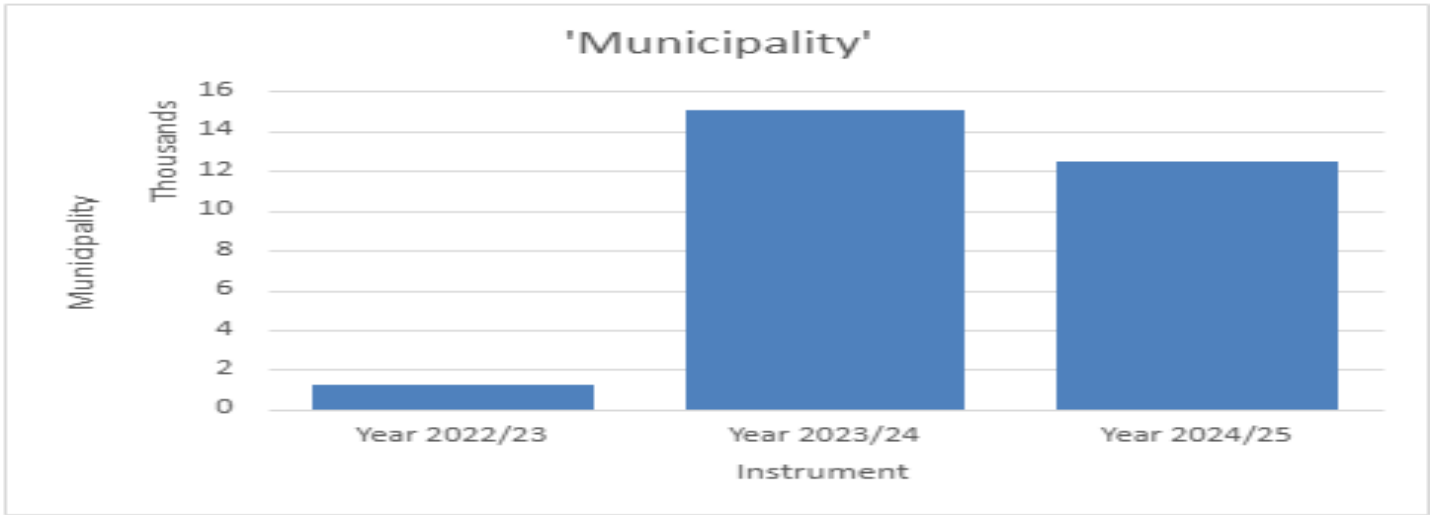
5.10.1 INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality’s borrowings were acquired to finance the Property, Plant and Equipment and Investments. T 5.10.1

5.10.2 ACTUAL BORROWINGS: 2022/2023-2024/2025

R' 000			
Instrument	2022/2023	2023/2024	2024/2025
Municipality	1 265	15 047	12499
Long-Term Loans (annuity/reducing balance)	1 265	445	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	0	14 602	12499
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	2 530	30 094	24 998
			T 5.10.2

5.10.3 ACTUAL BORROWING GRAPH



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5.10.4 MUNICIPAL AND ENTITY INVESTMENTS

R' 000			
Investment* type	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	30 655	47 896	31 798
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	30 655	47 896	31 798
Consolidated total:	30 655	47 896	31 798
T 5.10.4			

5.10.5 COMMENT ON BORROWING AND INVESTMENTS

The municipality undertakes a dynamic assessment of its interest rate exposure. Multiple scenario analyses are performed, incorporating refinancing strategies, renewal of existing options, alternative financing structures, and hedging instruments. These simulations evaluate the impact of a predetermined interest rate shift on the municipality's surplus or deficit. For consistency, the same interest rate adjustment is applied across all currencies in each scenario. It is worth mentioning that the municipality does not have any municipal entity.

T 5.10.5

5.11.1 PUBLIC PRIVATE PARTNERSHIP

The municipality does not have any partnerships in place.

T 5.11.1

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COMPONENT D: OTHER FINANCIAL MATTERS

5.12.1 SUPPLY CHAIN MANAGEMENT

Supply Chain Management is part of the municipality's business or initiative that ensures goods, services, or products deliver to end users easily. Supply Chain Management notes how the end users needs are commensurate with what they offer or can offer. The municipality rely on the following five critical components of supply chain management:

Planning

Plan and manage all resources required to meet end user demand for the municipality's services. When the supply chain is established, determine metrics to measure whether supply chain is efficient, effective, delivers value to end users and meets the municipal goals

Sourcing

Choosing suppliers to provide the goods and services needed to create the product. Then establish processes to monitor and manage supplier relationship. Key processes include:

- Ordering
- Receiving
- Managing inventory
- Authorising payments

Manufacturing

Organising the activities, if any, required to:

- accept raw materials
- manufacture the product
- test quality
- packaging
- schedule for delivery

Delivery and Logistics

Coordinate end users:

- orders
- schedule deliveries
- dispatch loads
- invoice customers
- receive payments

Returning

Create a network or process to:

- take back defective, excess or unwanted products

Effective supply chain management systems minimize cost, waste and time in the production cycle. The industry standard has become a just-in-time supply chain where retail sales automatically signal replenishment orders to manufacturers. Retail shelves can then be restocked almost as quickly as product is sold. One way to further improve on this process is to analyse the data from supply chain partners to see where further improvements can be made

T 5.12.1

5.13 GENERALLY RECOGNISED ACCOUNTING PRACTICE COMPLIANCE

Financial Statements (AFS) are Generally Recognised Accounting Practice (GRAP) compliant in all material aspects. The AFS was compiled according to National Treasury mSCOA template.

T 5.13

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CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

6.0.1 INTRODUCTION

The regulatory audit is conducted by the Auditor General of South Africa over a period of three months from the beginning September to the end of November of each year. The municipality submit the Annal Financial Statements and the Annual Performance Report of each year to Auditor General of South Africa by the 31 August of each year.

During the audit period, Auditor General of South Africa issues request for information which should be addressed by the municipality within three working days and communication of audit findings which the municipality should respond within working five days.

During this period, on a weekly basis, the municipality and the Auditor General conduct weekly Audit Steering Committee meetings to discuss the progress on the regulatory audit and clear any challenges that may be faced by both parties during the audit.

Towards the end of the regulatory audit, the Auditor General issues to the municipality a draft management report and a draft audit report for discussion before the final reports are issued. The audit report remains confidential until the draft annual report is tabled by the Executive Mayor to council by the 31 January of each year.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS ANNAUAL PERFORMANCE REPORT-2022/2023

6.1 AUDITOR-GENERAL REPORT 2023/2024

The audit report for the financial year 2023/2024 on the annual financial statements was unqualified with matters of emphasis and on the audit of predetermined objective was a disclaimer

T 6.1

COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS ANNAUAL PERFORMANCE REPORT-2024/2025

6.2 AUDITOR-GENERAL REPORT 2024/2025

The audit report for the financial year 2024/2025 on the annual financial statements was unqualified with matters of emphasis and on the audit of predetermined objective was a qualified opinion.

T 6.2

6.3 COMMENTS ON MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003 SECTION 7 RESPONSIBILITIES

Section 7 of the Municipal Financial Management Act, 56 of 2003, state the following:

7. (1) An accounting officer –

- (a) may approve the purchase of economy class tickets for all officials or political office bearers where the flying time for the flights is five hours or less; and

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(b) may only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the accounting officer for flights exceeding five hours.

(2) In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.

(3) Notwithstanding sub -regulation (1) or (2), an accounting officer, or the mayor in the case of an accounting officer, may approve the purchase of business class tickets for an official or a political office bearer with a disability or a medically certified condition.

(4) The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.

(5) An accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only –

(a) during peak holiday periods; or

(b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and /or international guests in that particular geographical area.

(6) An official or a political office bearer of a municipality or municipal entity must –

(a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

(b) make use of available public transport or a shuttle service if the cost of such a service is lower than –

(i) the cost of hiring a vehicle;

(ii) the cost of kilometres claimable by the official or political office bearer; and

(iii) the cost of parking. (c) not hire vehicles from a category higher than Group B or an equivalent class; and

(d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

(7) A municipality or a municipal entity must utilise the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation

The municipality has adhered to the above legislative requirements in applying its Traveling and Subsistence Policy in line with the Cost Containment Policy.

T 6.3

APPENDICES

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APPENDIX A

Councillors, Committees Allocated and Council Attendance							
Name	Surname	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance	Comments
					%	%	
Tommy	Ancell	Chairperson	Admin and HR	PR	64,29%	35,71%	
Jacob	Coetzee	Member	MPAC	PR	92,86%	7,14%	
Stephen Manko	Constable	Member	Urban Planning and Housing	WARD 10	100,00%	0,00%	
Henriëtta	Dell	Member	Infrastructure	PR	100,00%	0,00%	
Sabata Selby	Fuso	Member	Finance Committee	PR	78,57%	21,43%	
Maria Cornelia	Heymans	Member	Infrastructure	PR	92,86%	7,14%	
Johannes Marius	Janssonius	Member	Community Services	PR	92,86%	7,14%	
Ntema Peter	Khatlake	Chairperson	MPAC	WARD 07	100,00%	0,00%	
Komane Elias	Koalane	Chairperson	Community Services	WARD 11	100,00%	0,00%	
Palesa Elizabeth	Koqo	Member	Admin and HR	PR	92,86%	7,14%	
Timothy Lebeko	Langa	Member	Infrastructure	Ward 02	92,86%	7,14%	
Morake Edward	Letube	Member	Infrastructure	Ward 12	100,00%	0,00%	
Thabang Elias	Makae	Chairperson	Urban Planning and Housing	Ward 14	92,86%	7,14%	
Tieho George	Makhalanyane	Member	Urban Planning and Housing	Ward 15	92,86%	7,14%	
Mojalefa Joel	Maleke	Member	Finance	Ward 03	92,86%	7,14%	
Tebello Samuel	Manako	Member	Urban Planning and Housing	PR	78,57%	21,43%	
Pakathila Isaac	Mavaleliso	Speaker	Speaker	Ward 17	100,00%	0,00%	
Seipati Justine	Mbiwe	Executive Mayor	Executive Mayor	PR	100,00%	0,00%	
Morongoe Dina	Mofokeng	Member	Community Services	PR	100,00%	0,00%	
Lillian Elaine	Mohanoe	Member	Admin and HR	PR	90,00%	10,00%	Removed
Chere Daniel	Moipatli	Member	Finance	Ward 05	85,71%	14,29%	
Seipati Miriam	Mokheseng	Member	Admin and HR	PR	85,71%	14,29%	
Lebohang Gilbert	Mokoakoe	Member	Infrastructure	PR	85,71%	14,29%	
Lefu Elliot	Motloenya	Member	Community Services	Ward 13	100,00%	0,00%	
Tshwanelo Phandreanox	Motsoane	Member	Urban Planning and Housing	Ward 01	78,57%	21,43%	
Thabo Isaac	Mthimkhulu	Chairperson	Infrastructure	Ward 09	100,00%	0,00%	
Michiel Frederik	Odendaal	Member	Finance	PR	100,00%	0,00%	
Mmasa Alfred	Ponya	Member	MPAC	Ward 04	100,00%	0,00%	
Motsamai William	Selasi	Chairperson	Finance	Ward 06	100,00%	0,00%	
Lesole David	Thamae	Member	MPAC	Ward 16	78,57%	21,43%	
Phillipus Johannes Martinus	Vermeulen	Member	MPAC	PR	92,86%	7,14%	
Isak	Vries	Member	MPAC	PR	100,00%	0,00%	
Palesa Amanda	Ramohlokoane	Member	Community Services	PR	90,00%	10,00%	
Total					92,51%	7,49%	
T A							

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APPENDIX B

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Section 79 Committees	
Municipal Audit and Performance Management Audit Committee	To report to Council on issues of Audit and Performance Management
MPAC (Municipal Public Accounts Committee)	To investigate Audit Opinions and Outcomes in the Annual Report and prepare oversight report to Council. Also to investigate and recommend to Council on Irregular, Fruitless and Wasteful as well as Unauthorised Expenditure.
Risk Management Committee	To report to Council through the APAC on issues of Risk Management
IDP Steering Committee	To lead the IDP process
Section 80 Committees	
Finance Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Infrastructure Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Community Services and Social Development Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Urban Planning and Housing Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Administration and Human Resource Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Internal Committees	
Bid Specification Committees	To develop Terms of Reference and Specifications for Bids – Appointment subject to need by Municipal Manager. This is not a fixed committee.
Bid Evaluation Committees	To evaluation Bids in line with Supply Chain Management requirements – Appointment subject to need by Municipal Manager. This is not a fixed committee.
Bid Adjudication Committee	To adjudicate the Bid Evaluation Reports and either appoint or recommend to MM for appointment in line with Delegations and Supply Chain Management requirements.
Local Labour Forum	To deal with all issues affecting labour within the Municipality.
Training and Development Committee	To consider the issues of Annual Training Report, Skills Development Plan and Training Interventions.
Employment Equity Forum	To ensure implementation of Affirmative Action Measures as per Employment Equity Plan.
Information Technologies Steering Committee	To discuss and be accountable for the municipality's Information Communication Technologies environment and ensure that municipality's Information Communication Technologies conforms to legislation.
T B	

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APPENDIX C

Third Tier Structure	
Department	Name and Position
Office of the Municipal Manager	Malatjie Nomvula Francina - Municipal Manager
Office of the Municipal Manager	Lebeko Dikomo Selina-Chief Audit Executive
Office of the Municipal Manager	Makhele Molahlehi Silvanus-IDP Manager
Office of the Municipal Manager	Chief Risk Officer
Office of the Municipal Manager	IT Specialist
Department Treasury Services	Nicholas Lefa Moletsane - Chief Financial Officer
Department Treasury Services	Marx Manita-Manager Expenditure Management
Department Treasury Services	Van Tonder D J-Manager Budget and Reporting
Department Treasury Services	Majoale T-Manager Supply Chain Manager
Department Treasury Services	Viljoen Fiona-Manager Revenue Management
Department Treasury Services	Mabeleng M L-Manager Asset Management
Department Development Planning and Social Security	Director - Ms MAB Mosima
Department Development Planning and Social Security	Malau K - Manager Local Economic Development (Contract)
Department Development Planning and Social Security	Manager - Waste Management – Sethole M
Department Development Planning and Social Security	Manager - Parks and Cemeteries - Mhlomi
Department Engineering Services	T D Marotholi - Director Engineering Services
Department Engineering Services	Radiopane M S-Manager Urban Planning
Department Engineering Services	Kunene S S-Manager Project Management Unit
Department Engineering Services	Cita L - Manager Roads and Stormwater
Department Engineering Services	De Villiers W R-Manager Electricity
Department Engineering Services	Mokhethoa M A-Manager Water and Sewer: Bulk and Operations and Maintenance
Department of Corporate Services	Mihailescu S – Acting Director Corporate Services
Department of Corporate Services	Manager Human Resource Management Mrs B L Mokoena
Department of Corporate Services	Manager Human Resource Development Mr S G Skosana
Department of Corporate Services	Manager Administration and Support Services Mrs S Z Mihailescu
Department of Corporate Services	Manager Payroll Administration Mrs A Pieters
Department of Corporate Services	Manager Legal Services Mrs M Koalane
T C	

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APPENDIX D

Municipal / Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	N/A
Building regulations	Yes	N/A
Childcare facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	Yes	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	No	N/A
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	Yes	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	No	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	No	N/A
Municipal abattoirs	Yes	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	Yes	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

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APPENDIX E

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	Number of quarterly public ward meetings held during year
Ward 1	Tshwanelo Phandreanox Motsoane	Yes	6	6	2
	Elected Ward committee members				
	Nthabiseng Nonyane				
	Tshele Godfrey Setai				
	Mamoitoli Lipali				
	Kotsane Sejeng				
	Tlalane Mapuru				
	Dimakatso Agnes Maphisa				
	Mmabataung Smith				
	Madikotsi Rose Jonas				
	Taleete Matsoso				
	Ntebaleng Lydia Lekekela				
Ward 2	Lebeko Timothy Langa	Yes	5	5	1
	Elected Ward committee members				
	Masabata Sebusi				
	Tseleng Radebe				
	Mameisi Robin Naidoo				
	Malefetsane Tsoaela				
	Nnopi Motebele				
	Moselantja Sekharume				
	Thabo Makhaotse				
	Tumelo Selatile				
	Ntholeng Mokoena				
	Sabata Molahloe				
Ward 3	Dikeledi Kekane	Yes	5	5	1
	Elected Ward committee members				
	Makoena Sompane				
	Mojau Fokhono				
	Moipone Chacha				
	Mapulene Tlako				
	Lebohang Ernest Jonas				
	Disemelo Motaung				
	Jannie Jacobs				
	Dikeledi Kekane				
	Motsamai Makuwetsana				
	Nthabiseng Mohlominyana				

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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	Number of quarterly public ward meetings held during year
Ward 4	Mmasa Alfred Ponya	Yes	5	5	1
	Elected Ward committee members				
	Boike Sehloho				
	Mojabeng Sefuthi				
	Karabo Lieke				
	Mamphu Ramaisa				
	Thabo Thulo				
	Teboho Mphosi				
	Matshowana Mokoena				
	Mama Litsoane				
	Malefetsane Selikane				
	Modiehi Kolobe				
Ward 5	Chere Daniel Moipatli	Yes	5	5	1
	Elected Ward committee members				
	Tisetso Sekonyela				
	Lebina Mofolo				
	Tselane Tseki				
	Mamafa Lefanya				
	Mampe Martha Lemeko				
	Lizzy Sethathi				
	Maitaba Masolane				
	Lekekiso Jaftha Hlalele				
	Liapeng Rankhathali				
	Mamalanga Makate				
Ward 6	Motsamai William Selasi	Yes	4	4	1
	Elected Ward committee members				
	Mojalefa Macholo				
	Isaac Masole				
	Dorah Ndiniza				
	Moipone Lebakeng				
	Mapuleng Nyareli				
	Lerato Khiba				
	Pitso Pitso				
	Moeketsi Mpekoa				
	Lefu Matsoso				
	Mannini Litlhakanyane				

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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	Number of quarterly public ward meetings held during year
Ward 7	Ntema Peter Khatlake	Yes	4	4	1
	Elected Ward committee members				
	Thabo Pekeshe				
	Dimakatso Seloana				
	David Mngomezulu				
	Masabata Tsolo				
	Disebo Raleting				
	Dikeledi Mofokeng				
	Paulinah Mtambo				
	Palesa Ramohlokoane				
	Puseletso Sebutsoe				
	Kopane Maloka				
Ward 8	Lebohang Mokoakoe	Yes	3	3	1
	Elected Ward committee members				
	Lebohang Pitso				
	Mohau Mokone				
	Matsietsi Mohapi				
	Zakaria Rapulutsoane				
	Setanana Mahlatsane				
	Mmabasothoana Mokhobo				
	Sello Mokone				
	Modiehi Salomone				
	Mahlomola Ntoule				
	Thabo Rachere				
Ward 9	Thabo Isaac Mthimkhulu	Yes	3	3	1
	Elected Ward committee members				
	Mampone Koalane				
	Lehlohonolo Zulu				
	Ditlhare Mofubetsoana				
	Tumo Tsoeu				
	Dingane Dlamini				
	Mohotsi Mohotsi				
	Motshedisi Moyalingoane				
	Mathabo Mary Moahloli				
	Letuka Nthoroane				
	David Tello Hlaoli				

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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	Number of quarterly public ward meetings held during year
Ward 10	Stephen Mank Constable	Yes	9	9	3
	Elected Ward committee members				
	Daniel Swan				
	Maria Erasmus				
	Nthabiseng Lephoto				
	Manyatso Elsie Makhendoane				
	Relebohile Matlanyane				
	Motlatsi Mohlabane				
	Mthuyzi Mthimkulu				
	Johan Krotz				
	Teboho Tsweu Tsweu				
	Keketso Phahlane				
Ward 11	Elias Komane Koalane	Yes	3	3	1
	Elected Ward committee members				
	Diepollo Alina Sempe				
	David Moeketsane				
	Motsheoa Evodia Qekisi				
	Matlakala Lebakeng				
	Moselantja Mphirime				
	Matshidiso Nooe				
	Mathakane Sempe				
	Joalane Ramphoma				
	Seriti Justina Lihaba				
	Khethanyane Mereko				
Ward 12	Morake Edward Letube	Yes	5	5	1
	Elected Ward committee members				
	Mojabeng Moipatli				
	Motsoeunyane Rankati				
	Phirimana Mofokeng				
	Limakatso Matshela				
	Ntebaleng Ntsane				
	Matsiliso Mokone				
	Motlatsi Mokhachane				
	Motlalepule Tshabalala				
	Emily Tooane				
	Kheleli Tshokolo				

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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	Number of quarterly public ward meetings held during year
Ward 13	Lefu Elliot Motloenya	Yes	8	8	2
	Elected Ward committee members				
	Disebo Tshaka				
	Matebesi Putsoeli				
	Libuseng Tsoloane				
	Joseph Linyelo				
	Tsiliso Nhlapho				
	Ezekiel Blangwe				
	Siphiwe Msimanga				
	Mpiti Makoanyane				
	Tsheliso Ramotso				
	Mamoeti Potlale				
Ward 14	Thabang Elias Makae	Yes	5	5	1
	Elected Ward committee members				
	Maleshoane Hlalele				
	Modiehi Macholo				
	Phahlakaze Matloha				
	Mojakisane Motsoane				
	Tlaleng Kotope				
	Motlalepula Likontsane				
	Lerato Liakhele				
	Dimakatso Mofokeng				
	Mokhale Kutumane				
	Mpho Morake				
Ward 15	Tieho George Makhalanyane	Yes	5	5	1
	Elected Ward committee members				
	Dikenkeng Mahomo				
	Clectus Ntsoereng				
	Bafana Nkosi				
	Matsedisio Mohosho				
	Cordier Walter James				
	James Brown				
	Mota Popane				
	Pakiso Koqo				
	Seshoeshoe Thabo				
	Tsekiso Motete				

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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	Number of quarterly public ward meetings held during year
Ward 16	Lesole David Thamae	Yes	5	5	1
	Elected Ward committee members				
	Sekete Chakela				
	Modiehi Motsehi				
	Mamaliso Masena				
	Puleng Motseare				
	Keneuoe Mosili				
	Mantebaleng Machaha				
	Mamoliehi Tseeke				
	Mamojalefa Mokone				
	Linda Tshabalala				
	Nteboheng Madona				
	Ward 17				
Elected Ward committee members					
Mantshadi Letlala					
Tshediso Pholoana					
Leponesa Motiane					
Lucas Tsoeu					
Mensel Tshabalala					
Polo Lebona					
Moelo Monyane					
Puleng Sephula					
Joyce Khaile					
Tsholwane Mosena					
T E					

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APPENDIX F1

Capital Projects: Five Largest 2024/2025 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage (MIS:507219)	2025-03-19	2026-02-28	R25 507
2	Construction of the Cyferfontein raw water abstraction pump station (Civil works)	2022-10-01	2025-06-30	R 70 030
3	Construction of 11 MI/day new central Water Treatment Works (WTW) in Senekal (Civil works)	2022-10-01	2026-03-30	R 179 012
4	Construction of 11 MI/day new central Water Treatment Works (WTW) in Senekal (Mechanical and Electrical works)	2023-05-01	2026-06-30	R 178 250
5	Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage (MIS:507228)	2024-10-10	2025-06-30	R23 009
				T F.1

APPENDIX F2

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	29 518	23 206	29 134	29 518	
Households without minimum service delivery	1 623	7 935	2 007	1 623	
Total Households*	31 141	31 141	31 141	31 141	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

APPENDIX F3

Top Four Service Delivery Priorities for Ward (Highest Priority First)			
Number	Priority Name and Detail	Progress in 2024/2025	
			R'000
1	Construction of the Cyferfontein raw water abstraction pump station (Mechanical and Electrical works)	105 800	2 212
2	Construction of 11 MI/day new central Water Treatment Works (WTW) in Senekal (Civil works)	179 013	53 352
3	Construction of 11 MI/day new central Water Treatment Works (WTW) in Senekal (Mechanical and Electrical works)	178 250	53 319
4	Construction of the Cyferfontein raw water abstraction pump station (Civil works)	70 030	10 884
5	Ficksburg: 'Resuscitation of Wastewater Treatment Works	68 000	4 183
6	Meqheleng (Ficksburg): Reconstruction of 3,75km paved road and stormwater drainage (MIS:533473)	41 924	3 135
7	Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage (MIS:507219)	25 507	8 426
	Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage (MIS:507228)	23 009	16 851
8	Ficksburg: Rehabilitation of 1.5km surface road and storm water drainage (Phase 2) (MIS:527689)	18 563	1 623

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9	Clocolan/Hlohlolwane: Upgrading of Sport and Recreational Facility (MIS:544746)	3 487	3 278
10	Ficksburg/Meqheleng: Installation of 2 high mast lights (MIS:524994)	2 291	2 087
11	Clocolan/Hlohlolwane: Installation of 2 high mast lights (MIS:525009)	2 273	2 157
12	Senekal/Matwabeng: Installation of 2 high mast lights (MIS:525005)	2 270	2 059
13	Marquard/Moemaneng: Installation of 2 high mast lights (MIS:525016)	2 225	1 965
			T F.3

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APPENDIX G

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 2024/2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
17-Jul-24	The committee resolved that they would go back to review the registers (deviation, Irregular and Fruitless) and be able to realign accordingly so that they would not get surprised by the end of the financial year.	Yes
	The approved fleet policy to be shared amongst the APAC members for monitoring purposes	Yes
	Internal Audit Charter was approved and would be referred to Council for endorsement.	Yes
	The document was recommended for Council approval subject to the additions submitted	Yes
26-Aug-24	After deliberations that were made towards the report [Draft Annual Financial Statements] it was resolved CFO and CAE would sit after the meeting to discuss the raised discrepancies for the purpose of reporting.	Yes
	Disclaimer: APAC members were comfortable with the assurance given by management but would like to be given a chance to do round robin on the Annual Financial Statement and draft Annual Performance Report for them to be able to sign the document off by the 29th so that management would submit to AGSA	Yes
28-Aug-24	The draft Annual Financial Statement and draft Annual Performance Report were recommended for submission to Auditor General.	Yes
21-Jan-25	APAC resolved that Management and Internal Audit be given a chance to address the differences identified in their reports and present the amended reports to the committee in the small meeting that would be held so that they would sign off those reports.	Yes
	It was further requested that the Director to present comprehensive report that have human resource related matter.	Yes
	The management to address the findings raised by Internal Audit	Yes
	That the municipal manager capitated the function of compliance management	Yes
	The municipality to intensify the revenue by looking at the LED strategy, acting on those rentals issues that the Internal Audit has highlighted in their report.	Yes
	That Councillors who have outstanding arrears be assisted to pay all areas as this may constitute the violation of the code of councillors. The matter was also disclosed under note 20 of the AFS audited by AGSA which is part of the annual report to the public and the legislated.	Yes
	The Executive Mayor together with the Speaker to assist management on issues of revenue.	Yes
	The management reassess all the projects related risk.	Yes
	That management commits to implementing the recommendation of Internal Audit	Yes
	The KPA relating to service delivery be addressed before the next audit cycle	Yes
	The council to request the Accounting Officer to ensure maximum spending and report to fourth nightly spending on grants until the expenditure on grants has increased monthly basis.	Yes

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22-Apr-25	Management to provide feedback on the letter written to the minister of water affairs regarding WSIG	Yes
	That management put in place controls regarding the recorded completed projects in the asset registers	Yes
	The committee recommended that the Chairperson the APAC per directive of National Treasury be granted access on the e-Muni to monitor the audit action plan.	Not yet
	The committee requested that an item be submitted tom council to correct the composition of the DC board in terms of number of members upliftment of the limitation placed on the DC Board.	Yes
	The committee requested that the completed audit action plan be circulated to members'	Yes
21-May-25	That Management incorporates the comments and reviews of Provincial Treasury with the Draft Budget prior approval by the Municipal Council and annexed to the budget documents	Yes
	That the comments and reviews of Provincial Treasury confirm that the budget is or will be fully funded, the committee will place full reliance thereon and no further meeting will be required to reconsider the comments and the said reviews.	Yes
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APPENDIX H1 AND 2

Not applicable

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APPENDIX I

Municipal Entity/Service Provider Performance Schedule									
Name of Entity and Purpose	(a) Service Indicators	2022/2023		2023/2024			2024/2025	2025/2026	
	(b) Service Targets	Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	
BON 2 Protect (Safeguarding of Municipal properties)	Number of municipal properties safeguarded with warm bodies-29 key points	0	0	30	30	29	29	29	36
JA Security Services (Monitoring and safeguarding of municipal properties using alarm system)	Number of municipal key points with alarm systems-9 key points	9	9	9	9	9	3	5	5
Bathusi Financial Consulting	Financial Consultant. Assist compiling AFS	1	1	1	1	1	1	1	1
Infratec Consulting	Compilation of GRAP Asset Register	1	1	1	1	1	1	1	1
Kunene Makopo Risk Resolutions	Short Term Insurance Broker	1	1	1	1	1	1	1	1
DDP Valuers	Valuers Compilation and maintenance of Valuation Roll	1	1	1	1	1	1	1	1
Ole Power Systems	Monitoring Call Centre	1	1	1	1	1	1	1	1
Ice Cloud	Pre-paid Vendor	1	1	1	1	1	1	1	1
BTF Global	Debt Collection	1	1	0	0	1	1	1	1
Tshepang Lethabo (Provision of compactor trucks for refuse removal)	Number of compactor trucks required -5 compactor trucks required	N/A	N/A	5	5	5	5	1	1

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C-PAC Pumps and Valves	Number of Quarterly Reviews for the repairs, replacement and maintenance of the municipal infrastructure assets (motors and pumps etc) related to treatment plants, pump stations, boreholes and reservoirs for a period of 36 months on an as and when required basis	4	4	4	4	4	4	3	Contract end March 2026
Ndulamiso Aqua Solutions	Number of Quarterly reviews for the supply and delivery of water treatment chemicals and related accessories	0	0	0	0	0	4	4	4
Nashua Kroonstad – Provision of Reprographic Equipment	Number of Quarterly Reviews for Rental and Repairs and Maintenance Services for the Reprographic Equipment.	4	4	4	4	4	Contract ended	Contract Ended	Contract Ended
Mashinini Enterprise (Provision of bulldozer for the maintenance of landfill site)	Number of licensed landfill sites maintained- Maintenance of Ficksburg and Senekal Landfill Sites	N/A	N/A	N/A	N/A	1	1	N/A	N/A
EEke (PTY) Ltd (Provision of grass cutting, bush clearing, Pruning and removal of fallen trees services)	Number of trees cut and removed-15 trees cut and removed	N/A	N/A	N/A	N/A	N/A	N/A	15	20
Nkanivo Development Consultant	Formalization of Informal Settlements within Meqheleng and Oudstad	0	0	0	3	3	0	0	0

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Ngoti Development Consultant	Formalization of Informal Settlements Hlohlolwane	0	0	0	3	3	0	0	0
Nkanivo Development Consultant	Township Establishment	0	0	0	1	0	1	1	1
NP Trading (Supply of disaster relief material)	Number of tarpaulin sails provided-6 tarpaulin sails supplied	N/A	N/A	N/A	N/A	6	6	N/A	N/A
SAGE VIP	Payroll System	12	12	12	12	12	12	12	12
Tri-lectro (Cable fault location)	Cable fault location	19	19	15	15	15	14	14	N/A
Actom	Supply of Transformers	0	0	1	1	1	3	3	N/A
Smart Switch	Supply of electrical material	0	0	0	0	0	1	1	N/A
Callies Elektries	Help with Cran truck	5	5	2	2	N/A	N/A	N/A	N/A
Boipelo Vino Projects	Supply and deliver of yellow road marking paint	N/A	N/A	N/A	N/A	N/A	1	1	N/A
AU Masters	Supply and deliver of heavy-duty double drum pedestrian roller	N/A	N/A	N/A	N/A	N/A	1	1	N/A
Au Masters	Supply and deliver of road stones, building cement and emulsion	N/A	N/A	N/A	N/A	N/A	1	1	N/A
EEKE	Supply and deliver of cement bags	N/A	N/A	N/A	N/A	N/A	1	1	N/A

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APPENDIX J

Disclosures of Financial Interests		
Period 1 July 2024 to 30 June 2025		
Position	Name	Description of Financial interests*(Nil / Or details)
(Executive) Mayor	S.J Mbiwe	No longer a director for Bold Moves company that coordinates the Cherry Jazz Festival; 10 Compu shares at Sasol; NPO – Cherry Jazz Festival ; Own contribution stokvel =±R48 000.00 P.A; Land 1841 at 40 Koppie Street = R 270 000.00; House 1232 at 32 Koppie street = R 1.6 million
Member of Mayoral Committee	T.E Makae	7 Roomed House in Ficksburg
	M.D Mofokeng	None
	K.E Koalane	Board Member at Department of health = R 1 400.00; Site and house
	M.W Selasi	A wife is part owner in Pitso and Lucia Company = R 92 400.00; House and Site 300m2 in Matwabeng = ±R250 000.00
	T.I Mthimkhulu	9 Roomed House 29000m2 in Clocolan = R 280 000.00; Empty Site in Clocolan = R 20 000.00
Councillors	T.L Langa	None
	P.A Ramohlakoane	None
	N.P Khatlake	100 shares at Yebo Yethu = R 25.00; 100 shares at Sasol Izalo = R 25.00; 100 shares at MTN = R 25.00; NPK Window Glass Company (PTY)LTD = R 0; Manyora Trading close Cooperation = R 0; Chozaza Trading Close Corporation = R0; Tswelang Farming Company (PTY) LTD =R0
	P.I Mavaleliso	Owns a Taxi business – learner transport = R5000.00pm; House 299.16m2 in Meqheleng = R550 000.00; House 513.7m2 in Meqheleng = R 300 000.00; House 541.0m2 in Ficksburg = R 300 000.00
	T.S Manako	None
	M.E Letube	None
	S.M Mokheseng	None
	M.C Heymans	None
	L.G Mokoakoe	House in Clocolan
	M.F Odendaal	Estate Agent at Oelofse properties = ±R40 000.00 Commission; Erf 230 495m2 in Senekal = R 600 000.00
	J.M Janssonius	Shares at ADC Development =R 15 000.00; Tshepang Carriers and Rentals (PTY)LTD =R 729 925.00
	M.J Maleke	None
	L.D Thamae	Property at Hanbury 428 ha in Ficksburg = R 2 900 000.00
	H. Dell	25 Member shares at Nebo Estate CC = R 25.00; 100 Ordinary shares at Nebo Farm Café = R 100.00; Dig 28 NPC – NGO; PoloAfrica Trust - Charity
	J. Coetzee	100 legal shares at Labour Life =R 1 000 000.00; 50 Credit shares at Tshepahala = R 750 000.00; 50 Property shares at PCA Brokers = R 2 500 000.00; Director at Labour Life = R 20 000.00; Director at Tshepahala = R 25 000.00; Manager at OK Grocer = R

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		25 000.00; Property at 23 4th Ave East in Clocolan = R 1 500 000.00; Property at 3 2nd Street South in Clocolan = R 650 000.00
	P.E Koqo	100% share at General Green Setsoto Recycling and Scrap Metal; Waste Management and the scrap metal
	T. Ancell	Not Submitted
	I. Vries	Vries Enterprises, trading in all aspects = R 0; House 1 Visser Street in Caledon Park Ficksburg = ±R 350 000.00
	S.M Constable	None
	M.A Ponya	Owner of two 4+1 taxis in Senekal = R 100 000.00
	T.G Makhalanyane	Site at 1413 = R 50 000.00; 11 Roomed House at 1413 in Meqheleng = ±R 500 000.00
	P.J Vermeulen	100% Shares at MACV Liquor Store; Owner of MACV Liquor Store; Property at Steyn Strfo in Marquard = R 680 000.00
	C.D Moipatli	None
	L.E Motloenya	Not Submitted
	S.S Fuso	Setsoto Sports Arts and Culture - NGO =R 0
Municipal Manager	N.F Malatjie	Shares at Sasol =R 6 000.00; Residential House 982m2 in Boksburg =R 2.3 million
Chief Financial Officer		
Deputy MM and (Executive) Directors	N/A	
Other S57 Officials	M.A.B Mosima (DPSS Director)	House 1000m2 at La Provence in Bethlehem = R 1 700 000.00
	S.Z Mihailescu (Acting DCS)	Various shares and holdings on easy equities = R 8 024.71; House 2974m2 in Clocolan = R ±500 000.00

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

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APPENDIX K1

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive and Council	33 622	8 106	8 417	13 798	170%	164%
Finance and Administration	149 453	117 208	136 111	132 480	113%	97%
Community and Public safety	2 244	1 860	1 956	5 631	303%	288%
Economic and environmental services	168 836	208 512	206 400	96 679	46%	47%
Trading services	527 194	650 496	699 658	718 829	111%	103%
Total Revenue by Vote	881 349	986 182	1 052 542	967 417	98%	92%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						
						T K.1

APPENDIX K2

Revenue Collection Performance by Source						
						R'000
Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	71 495	85 836	85 836	86 081	0%	0%
Property rates - penalties and collection charges						
Service Charges - electricity revenue	103 639	128 116	128 116	120 327	-6%	-6%
Service Charges - water revenue	79 309	75 069	83 069	86 864	14%	4%
Service Charges - sanitation revenue	35 569	43 116	43 116	43 041	0%	0%
Service Charges - refuse revenue	46 380	58 105	58 105	57 144	-2%	-2%
Service Charges - other						
Rentals of facilities and equipment	1 793	1 868	2 034	2 046	9%	1%
Interest earned - external investments	12 594	11 454	9 393	10 052	-14%	7%
Interest earned - outstanding debtors	57 881	50 000	111 915	72 800	31%	-54%
Dividends received	81	85	85	94	10%	10%
Fines	852	315	100	711	56%	86%
Licences and permits	90	132	20	127	-4%	84%
Agency services						
Transfers recognised - operational	255 844	270 624	270 624	274 288	1%	1%
Other revenue	5 795	8 596	9 262	7 690	-12%	-20%
Gains on disposal of PPE	807	32 184	32 184	741	-4243%	-4243%
Environmental Protection	0	0	0	0	0	0%
Total Revenue (excluding capital transfers and contributions)	672 129	765 500	833 859	762 006	-0,46%	-9,43%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						
						T K.2

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APPENDIX L

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Expanded Public Works Programme Grant	1 394	1 994	1 994	70%	100%	Grant 100% spent
Local Government Finance Management Grant	2 000	2 000	2 000	100%	100%	Grant 100% spent
Sector Education and Training Authority	0	0	438	0%	0%	Grant 100% spent
Total	3 394	3 994	4 432	77%	90%	
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						
						T L

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APPENDIX M1 AND 2

Capital Expenditure - Upgrade/Renewal Programme						
Integrated Development Plan Reference Number	Project Number	Project Description	Project Value (Inclusive of budget maintenance and consulting fees)	Expenditure 2024/2025	Source of Funding	Ward
R/FS/19928/23/25		Ficksburg: Rehabilitation of 1.5km surface road and storm water drainage (Phase 2) (MIS:527689)	18 562 735,48	1 623 430,52	MIG	10
CS/FS/19621/23/25		Clocolan/Hlohlolwane: Upgrading of Sport and Recreational Facility (MIS:544746)	3 486 957,04	3 278 270,40	MIG	8,9,11
R/FS/20644/24/26		Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage (MIS:507219)	25 507 086,50	8 425 937,34	MIG	4,5,6,7
R/FS/20643/24/26		Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage (MIS:507228)	23 008 822,08	16 851 459,24	MIG	1,2,3
						TM

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APPENDIX N

Capital Programme by project current year						
Integrated Development Plan Reference Number	Project Number	Project Description	Project Value (Inclusive of budget maintenance and consulting fees)	Expenditure 2024/2025	Source of Funding	Ward No:
L/FS/16652/20/23		Clocolan/Hlohlwane: Installation of 2 high mast lights (MIS:525009)	2 272 843,21	2 156 840,80	MIG	8,9,11
L/FS/16653/20/23		Ficksburg/Meqheleng: Installation of 2 high mast lights (MIS:524994)	2 291 499,99	2 087 853,88	MIG	10,12,13,14,15,16,17
L/FS/16655/20/23		Marquard/Moemaneng: Installation of 2 high mast lights (MIS:525016)	2 225 332,64	1 965 197,69	MIG	1,2,3
L/FS/16654/20/23		Senekal/Matwabeng: Installation of 2 high mast lights (MIS:525005)	2 270 341,76	2 059 044,96	MIG	4,5,6,7
R/FS/19928/23/25		Ficksburg: Rehabilitation of 1.5km surface road and storm water drainage (Phase 2) (MIS:527689)	18 562 735,48	1 623 430,52	MIG	10
CS/FS/19621/23/25		Clocolan/Hlohlwane: Upgrading of Sport and Recreational Facility (MIS:544746)	3 486 957,04	3 278 270,40	MIG	8,9,11
R/FS/20644/24/26		Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage (MIS:507219)	25 507 086,50	8 425 937,34	MIG	4,5,6,7
R/FS/20643/24/26		Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage (MIS:507228)	23 008 822,08	16 851 459,24	MIG	1,2,3

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R/FS/20896/25/28	Meqheleng (Ficksburg): Reconstruction of 3,75km paved road and stormwater drainage (MIS:533473)	41 924 438,09	3 135 865,16	MIG	10,12,13,14,15,16,17
N/A	Construction of the Cyferfontein raw water abstraction pump station (Mechanical & Electrical works)	105 800 000,00	2 212 354,60	RBIG	4,5,6,7
N/A	Construction of the Cyferfontein raw water abstraction pump station (Civil works)	70 030 273,53	10 883 888,96	RBIG	4,5,6,7
N/A	Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Civil works)	179 012 885,26	53 352 463,36	RBIG	4,5,6,7
N/A	Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Mechanical and Electrical works)	178 250 000,00	53 319 366,52	RBIG	4,5,6,7
N/A	Ficksburg: 'Resuscitation of Wastewater Treatment Works	68 000 000,00	4 182 926,57	RBIG	10,12,13,14,15,16,17
TO					

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APPENDIX 0

Integrated Development Plan Reference Number	Project Number	Project Description	Project Value (Inclusive of budget maintenance and consulting fees)	Expenditure 2024/2025	Source of Funding	Ward No:	Project Status
L/FS/16652/20/23		Clocolan/Hlohlwane: Installation of 2 high mast lights (MIS:525009)	2 272 843,21	2 156 840,80	MIG	8,9,11	Construction
L/FS/16653/20/23		Ficksburg/Meqheleng: Installation of 2 high mast lights (MIS:524994)	2 291 499,99	2 087 853,88	MIG	10,12,13,14,15,16,17	Construction
L/FS/16655/20/23		Marquard/Moemaneng: Installation of 2 high mast lights (MIS:525016)	2 225 332,64	1 965 197,69	MIG	1,2,3	Construction
L/FS/16654/20/23		Senekal/Matwabeng: Installation of 2 high mast lights (MIS:525005)	2 270 341,76	2 059 044,96	MIG	4,5,6,7	Construction
R/FS/19928/23/25		Ficksburg: Rehabilitation of 1.5km surface road and storm water drainage (Phase 2) (MIS:527689)	18 562 735,48	1 623 430,52	MIG	10	Construction
CS/FS/19621/23/25		Clocolan/Hlohlwane: Upgrading of Sport and Recreational Facility (MIS:544746)	3 486 957,04	3 278 270,40	MIG	8,9,11	Construction
R/FS/20644/24/26		Senekal/Matwabeng: Reconstruction of 2km paved road and storm water drainage (MIS:507219)	25 507 086,50	8 425 937,34	MIG	4,5,6,7	Construction
R/FS/20643/24/26		Marquard/Moemaneng: Upgrading of 2km paved road and storm water drainage (MIS:507228)	23 008 822,08	16 851 459,24	MIG	1,2,3	Construction
R/FS/20896/25/28		Meqheleng (Ficksburg): Reconstruction of 3,75km paved road and stormwater drainage (MIS:533473)	41 924 438,09	3 135 865,16	MIG	10,12,13,14,15,16,17	Construction

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N/A	Construction of the Cyferfontein raw water abstraction pump station (Mechanical & Electrical works)	105 800 000,00	2 212 354,60	RBIG	4,5,6,7	Construction
N/A	Construction of the Cyferfontein raw water abstraction pump station (Civil works)	70 030 273,53	10 883 888,96	RBIG	4,5,6,7	Construction
N/A	Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Civil works)	179 012 885,26	53 352 463,36	RBIG	4,5,6,7	Construction
N/A	Construction of 11 Ml/day new central Water Treatment Works (WTW) in Senekal (Mechanical and Electrical works)	178 250 000,00	53 319 366,52	RBIG	4,5,6,7	Construction
N/A	Ficksburg: 'Resuscitation of Wastewater Treatment Works	68 000 000,00	4 182 926,57	RBIG	10,12,13,14,15,16,17	Design

ANNEXURE A: AUDIT REPORT 2023/2024

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Setsoto Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Setsoto Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Context for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis

Emphasis of matters

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

Irregular expenditure

5. As disclosed in note 47 to the financial statements, irregular expenditure of R9 973 939 (2023: R19 868 984) was incurred due to non-compliance with supply chain management (SCM) requirements.

Unauthorised expenditure

6. As disclosed in note 47 to the financial statements, unauthorised expenditure of R78 231 386 (2023: R150 478 952) was incurred, due to overspending of the budget.

Restatement of corresponding figures

7. As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality, and for the year ended 30 June 2024.

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Material uncertainty relating to claims against the municipality

8. With reference to note 43 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 were made in the financial statements.

Material losses

9. As disclosed in note 51 to the financial statements, material water distribution losses of R25 831 827 (2023: R13 982 330) and electricity distribution losses of R7 732 477 (2023: R7 437 349) were incurred by the municipality.

Material impairment

10. As disclosed in note 3 and 4 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R254 334 759 (2023: R232 808 314) and R35 235 049 (2023: R30 189 372) respectively.

Other matters

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

Unaudited disclosure notes

12. 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

13. 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.
14. 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

15. 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.

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

Report on the audit of the annual performance report

17. 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 presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance Area	Page numbers	Purpose
Basic service delivery	[XX]	Providing basic services to the community in a sustainable manner

19. I evaluated the reported performance information for the selected key performance area 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.

20. I performed procedures to test whether:

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

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

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

Basic service delivery

Number of sites issued for human settlement in Clocolan and Hlohlolwane by 30 June 2024

23. An achievement of 71 was reported against a target of 384. However, the audit evidence showed the actual achievement to be only 52. Consequently, the underachievement on the target was more than reported. Furthermore, the underachievement is reported against the related planned targets together with the reasons for underachieving. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Number of sites issued for human settlement in Ficksburg, Caledon Park and Meqheleng by 30 June 2024

24. An achievement of 144 was reported against a target of 2000. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved. Furthermore, the underachievement is reported against the related planned targets together with the reasons for underachieving. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Various indicators

25. The municipality did not provide evidence to confirm that processes had been established to consistently measure and reliably report on this indicator. This was due to a lack of measurement definitions and processes. Consequently, I could not confirm the reliability of the reported achievement. In addition, the measures were reported to improve the performance against the targets listed below. I could not determine if the measure was correct, as adequate supporting evidence was not provided for auditing. Consequently, I could not determine whether the reported measure was reliable.

Indicator	Target	Reported achievement
Percentage of households with access to basic solid waste removal at least once a week	100%	91%
Percentage of households with access to basic sanitation	72%	78%
Percentage of households with access to basic water supply	100%	92%
Percentage of households with access to basic electricity supply	96%	96%

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements / measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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

Basic service delivery <i>Targets achieved: 66%</i> <i>Budget spent: 102.82%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of sites issued for human settlement in Clocolan and Hlohlolwane by 30 June 2024	384	71
Number of sites issued for human settlement in Ficksburg, Caledon Park and Meqheleng by 30 June 2024	2000	144
Percentage of households with access to basic solid waste removal at least once a week	100%	91%
Percentage of households with access to basic water supply	100%	92%

Material misstatements

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

Report on compliance with legislation

30. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
31. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
32. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual Financial Statements

33. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Expenditure management

- 34. Reasonable steps were not taken to prevent irregular expenditure amounting to R9 973 939 as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM requirements.
- 35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R78 231 386, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Consequence management

- 36. 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.
- 37. 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.
- 38. 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

Strategic planning and performance management

- 39. The IDP did not reflect the key performance indicators and targets as required by sections 26(i) of the MSA and municipal planning and performance management regulation 2(1)(e).
- 40. The SDBIP for the year under review did not include the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

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

Procurement and contract management

- 41. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
- 42. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the (T19 (2017/18) - Linomtha - The Upgrading of Van Soelen Outfall Sewer Pipeline (Phase2))
- 43. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the (T19 (2017/18) - Linomtha - The Upgrading of Van Soelen Outfall Sewer Pipeline (Phase2)).
- 44. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year. This limitation was identified in the

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procurement processes for the (T19 (2017/18) - Linomtha - The Upgrading of Van Soelen Outfall Sewer Pipeline (Phase2).

Other information in the annual report

45. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
46. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
47. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
48. I did not receive the other information prior to the date of the 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

49. 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.
50. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
51. Management did not prepare regular, accurate and complete financial and performance reports that are supported by reliable information. Ineffective monitoring and supervision over performance reporting resulted in material misstatements in the annual performance report. The internal controls within the municipality did not improve, as repeat findings were reported in the current year.
52. Slow corrective measures were taken by management to address the drivers of non-compliance with laws and regulations, which resulted in repeat findings.

Other reports

53. 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.
54. The municipality's legal counsel undertook an investigation to determine whether there is a prima facie case against a member of senior management, on the basis that he allegedly gave approval for the commencement of works relating to the trenching and installation of optical fibre on behalf of the

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Municipality without authorisation and delegated powers. The investigations commenced on 27 May 2024 and were still in progress at the date of this report.

Auditor General

Auditor-General
Bloemfontein
30 November 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE B: AUDIT REPORT 2024/2025

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Report of the auditor-general to the Free State Provincial Legislature and the Council on Setsoto Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Setsoto Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements fairly, in all material respects, the financial position of Setsoto local municipality as at 30-June-2025 and its financial performance and cash flows for the year then ended in accordance with 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 24 of 2024 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material Impairments

6. As disclosed in note 4 and 5 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R346 446 850 (2024: 326 223 453) and R42 591 734 (2024: R39 441 860) respectively.

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Restatement of corresponding figures

7. As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2024 were restated because of errors in the financial statements of the municipality for the year ended, 30 June 2025.

Material losses

8. As disclosed in note 55 to the financial statements, material electricity distribution losses of R11 512 349 (2024: R7 732 477) and water distribution losses of R14 195 736 (2024: R25 831 827) were incurred by the municipality due to unmetered water distribution to the townships.

Material uncertainty relating to claims against the municipality

9. As disclosed in note 47 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.

Other matters

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

Unaudited supplementary schedules

11. 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

12. 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.
13. 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

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Report on the audit of the annual performance report

16. 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 presented in the annual performance report. The Accounting Officer is responsible for the preparation of the annual performance report.

17. I selected the following Key Performance Area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a Key Performance Area that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
Basic services	XX	Supporting the delivery of municipal services to the right quality and standard

18. I evaluated the reported performance information for the selected Key Performance Area 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.

19. I performed procedures to test whether:

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

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

21. The material findings on the reported performance information for the selected Key Performance area are as follows:

Basic services

Percentage of households with access to basic sanitation

22. The target in the annual performance report is measured in percentage, which differed from what was committed to in the approved initial planning documents. The reported target was 71%, while the planned target was 71. This change was made without obtaining the required approval, which undermines transparency and accountability.

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

25. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx

Basic Services

Targets achieved: 43%		
Budget spent: 84%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of household with access to basic water supply	100%	94%
Percentage of household with access to basic electricity supply	96%	94%
Number of kilometre of gravel roads converted to paving/surfaced roads annually.	3.5 KM	0 KM

Material misstatements

26. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management did not correct corrected all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

27. 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.

28. 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.

29. 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.

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

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

Annual financial statements, performance report and annual reports

49. 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 current assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Consequence management

50. 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.
51. Some of the 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.
52. 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.

Expenditure management

53. Reasonable steps were not taken to prevent irregular expenditure amounting to R2 048 599 as disclosed in note 51.2 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM requirements.

Revenue management

54. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Procurement and contract management

55. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).

Strategic planning and performance management

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

Other information in the annual report

57. The accounting officer is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information does not include the financial statements, the auditor's report and those selected Key Performance Areas presented in the annual performance report that have been specifically reported on in this auditor's report.
58. My opinion on the financial statements, and my reports on the audit of the annual performance report and 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.

SETSOTO LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025

59. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected Key Performance Areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
60. 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

61. 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.
62. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
63. Management did not prepare regular, accurate and complete financial and performance reports that are supported by reliable information.
64. Ineffective monitoring and supervision over performance reporting resulted in material misstatements in the annual performance report.
65. Insufficient corrective measures were taken by management to address the drivers of noncompliance with laws and regulations.

Auditor General

Signature as 'Auditor-General'
Bloemfontein
05 December 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE C: AUDIT ACTION PLAN 2024/2025

Financial Year: 2024/2025							
Component	Finding	Finding Details	Root Cause	Remedial Action	Responsible Director [Snr Official]	Responsible Manager	Due Date
Predetermined Objectives-Communication No. 21 of 2024-25	AoPO: Measurability of key performance indicators	Contrary to the above, the following key performance indicators are not well defined:- Number of ablution facilities renovated in all four towns of the municipality and Number of community halls renovated within the four towns of the municipality	Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should review the planning documents and ensure that the key performance indicator speaks to the intended purpose of the indicator.	Municipal Manager	IDP Manager	27-Feb-26

Fe	Reported achievements for townships established is not valid	Contrary to the above, during the execution of reliability, it was identified that the township established and developed reported as achieved in the 2024/2025 financial year was approved in the 2023/2024 financial year, therefore the following reported achievement is not valid:	Management does not have sufficient internal controls around the process of detecting and correcting of misstatements, and monitoring, tracking and verifying that information agrees with key performance indicator and definition before reporting in the annual performance report.	Management should ensure that reported achievements are reported in the correct financial year and ensure timeous and sufficient review of the supporting evidence. Management should further indicate if they agree with the finding, if management agrees. management should provide the auditors with the proposed adjustments.	Municipal Manager	IDP Manager	27-Feb-26

AoPO - Communicati on No. 22 of 2024-25	Validity of households with access to basic electricity supply	Contrary to the above, during the reliability testing of the reported achievements for the total number of households with access to basic electricity supply it was identified that the following erf was included in the register as connected, however on the coded maps it is marked as not connected, therefore overstating the reported achievements:	Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should reconcile the supporting evidence or schedules to the reported performance information and review that the reported achievements are valid. Management should investigate the differences communicated and make the necessary adjustments if they agree with the finding and provide the auditors with the proposed adjustment.	Municipal Manager	IDP Manager	30-Apr-26

AoPO: - Communicati on No. 23 of 2024-25	Denominator for basic service delivery key performance indicators is understated	Contrary to the above, during the testing if the validity and accuracy of the denominator the following findings were identified: 1. There are 84 sites duplicated for Matwabeng, therefore the denominator is overstated by 84 sites. 2. Recalculated the total number of households as per the interim 2023-2028 valuation roll and the following differences were identified	Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should reconcile the total households as per the valuation roll and the total residential erfs for the new townships developed and proclaimed and ensure that they are accurate. Furthermore management should indicate if they agree with the finding and provide the auditors with a proposed adjustment.	Municipal Manager	IDP Manager	30-Apr-26

AoPO: Presentation and disclosure Co mmunication No. 27 of 2024-25	Contrary to the above, during the testing of presentation and disclosure of the annual performance report the following findings were identified:	The APR does not show the prior year actual performance per indicator/ therefore the information presented in the APR is not comparable.	Management does not have sufficient internal controls around the process of detecting and correcting of misstatements, and monitoring, tracking and verifying that information agrees	Management should include the prior year reported achievements as required by section 46(1)(b) of the municipal systems act and further provide	Municipal Manager	IDP Manager	30-Apr-26
		Measures taken to improve the performance does not relate to the improvement of performance, but it speaks to how the denominator of the following key performance indicators are determined, therefore, the measures are not addressing improvement for the following material KPI's: - Number of households with access to basic			Municipal Manager	IDP Manager	30-Apr-26
		The annual performance report does not show the measures taken to improve annual under performance as at year end, but only the measures taken to improve the quarterly underperformance.			Municipal Manager	IDP Manager	30-Apr-26

AoPO:Communication No. 45 of 2024-25	Duplication of households with access to basic sanitation (Numerator)	Contrary to the above, during the assessment of the duplication within the total population of the numerator it was identified that the following errors were duplicates and overstated the numerator:	Financial and performance management Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and	Management should investigate the duplicates identified and indicate if they agree with the issues identified. Management should provide the auditors with the supporting	Municipal Manager	IDP Manager	30-Apr-26
AoPO:Communication No. 1 of 2024-25	Significant internal control deficiencies for various - KPI's Contrary to the above, during the performing of the walkthrough tests of the basic services key performance indicators the following internal control deficiency was identified:	There is no evidence to prove that management reviews the reported achievements against the supporting evidence and corrections are made after the review.	Management does not have sufficient internal controls around the process of detecting and correcting of misstatements, and monitoring, tracking and verifying that information agrees with key performance indicator and definition before reporting in the annual performance report.	Management should ensure that proper controls are in place to enable a verifiable process of reporting the targets achieved in the annual report. Furthermore, management should ensure review of the process applied process and put the necessary controls in place to ensure that significant internal control deficiencies do not occur.	Municipal Manager	IDP Manager	30-Apr-26

Performance: Communicati on No. 11 of 2025	HR: Performance agreements and evaluations for all senior management	management did not submit the following information as requested in request for information 30 within the agreed deadline It was requested that management: 1. Indicate if all the performance evaluations were performed for all senior management 2. Provide the auditors with the following directors performance agreements: • Director: Community services • Director: Technical services 3. Provide the auditors with all the performance evaluations for the following directorates for quarter 1 to 3: • Municipal manager • Chief financial officer • Director: Community services • Director: Technical services • Director: Corporate services 4. Indicate whether performance agreements were signed and are in place for all permanent	Management did not in all instances implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should - indicate if they agree with the finding and - ensure that information is submitted to the auditors within 5 days	Municipal Manager	IDP Manager	30-Apr-26

ISA - Communicati on no 19 of 2025	Inadequate implementation of user access management controls on the Munsoft system	The following findings were identified during the 2024-25 audit: User Modifications [House Keeping] System generated list of modified user accounts on the Munsoft system was requested and obtained from management. A sample of modified user account were selected (Maletswela Rebecca Mchodu), and their request forms were requested and obtained from management. Upon inspection of the forms, it was noted that one user form is used for all the systems (Munsoft, Premier HR and VIP Payroll), however the system where the user is requesting for the modification was not mentioned by the user when completing the form. Failed Logon Violations [House Keeping] Evidence of reviews of logon violations on the system was requested from management, and it was noted that the reviews are done on a quarterly basis,	Users within the municipality are not aware of the revised user access request forms and continue to use outdated versions when submitting access or modification requests. The full review process for system logon violations was not consistently followed. The reviewed logs did not include the reviewer's signature and date and therefore do not provide sufficient evidence that the reviews were completed in full.	Management should: Ensure that users complete the correct forms accurately and mention the systems which they are requesting amendments. Adequately perform periodic reviews of logon violations and ensure reviewers sign and date each reviewed report as evidence of completion.	Municipal Manager	IT Specialist	30-Jun-26

ISA - Communicati on no 64 of 2025	Munsoft system limitation creates a control deficiency and does not support automated audit logging of administrator account activities.	Current manual form-based controls are insufficient, as they can be bypassed because they cannot ensure completeness or accuracy of captured system administrator activities. This is further complicated by Munsoft system lack of an automated and reliable audit trail for system administrator activities.		Management should enhance the current control environment by: Implementing an automated logging and monitoring solution for system administrator activities within Munsoft or through an integrated tool. This should: Generate comprehensive audit logs for all administrator actions. Enable periodic review and reconciliation of these logs by management. Include alerts for high-risk or unusual activities. Strengthening the	Municipal Manager	IT Specialist	30-Apr-26

Consequence management	Communication No. 69 of 2024-25- Consequence management - Not all Unauthorised, fruitless and wasteful and Irregular expenditure were investigated	Contrary to above requirements, it was noted that not all the Unauthorised, fruitless and wasteful, and Irregular expenditure incurred was investigated by the municipality to determine if any person is liable for the expenditure as follows:.	Management did not review and monitor compliance with applicable laws and regulations	Backlog of previous irregular, fruitless and wasteful expenditure will be done in the current financial year, plans has been put in place to address those backlog and it was approved by the	Council	Speaker	30-Jun-26
Internal Audit	Communication No. 25 of 2024-25- Internal Control Deficiencies	During the assessment of the internal audit function, the following internal control deficiencies were identified:- Based on the information submitted for audit, an external quality control assessment on the Internal Audit Unit was last done and finalised in 2018, which is more than 5 years ago.	Management did not exercise oversight responsibility regarding related internal controls.	Management should ensure that the internal audit unit functions as required by section 165(2)(b)(iii) of the Municipal Finance Management Act.	Audit and Performance Audit Committee	Chief Audit Executive	30-Jun-26

Financial Year: 2024/2025

Component	Finding	Finding Details	Root Cause	Remedial Action	Responsible Director [Snr Official]	Responsible Manage	Due Date
AoPO:Communication No. 48 of 2024-25	Duplication of number of households with access to basic refuse collection	Contrary to the above, during the assessment of the duplication within the total population of the numerator it was identified that the following errors were duplicates and overstated the numerator	Financial and performance management Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should investigate the duplicates identified and indicate if they agree with the issues identified. Management should provide the auditors with the supporting evidence if they agree with the finding.	Director Community	Waste Management	30-Apr-26

Financial Year: 2024/2025

Component	Finding	Finding Details	Root Cause	Remedial Action	Responsible Director [Snr Official]	Responsible Man	Due Date
Contigent Liability - Communication No. 42 of 2024-25	Limitation of scope- Attorney confirmations for claims were not provided	The following cases were not supported by their applicable attorney confirmations as per RFI 76 and therefore amount could not be verified:	Financial and performance management: Management did not in all instances implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should - indicate if they agree with the finding and - ensure that information is submitted to the auditors within 5 days	Director Corporate Services	Manager Legal	30-Apr-26

Human Management - Communication No. 10 of 2024-25	Contrary to above, during the audit of the understanding the auditee, the following internal control deficiencies were identified:	The municipality had the following high vacancies per division in the current year: Total number of positions 930, position filled 590 and vacant position 340	Leadership Management did not in all instances implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	Management should ensure: (1) That they implement adequate processes to ensure that they fill the vacant posts so that the municipality can be able to meet its service delivery obligations. (2) That they implement internal control to ensure that they comply with MSA.	Director Corporate Services	Manager Human Resouce	30-Jun-26

Provision - Communication No. 50 of 2024-25	Payables from exchange transactions - Leave provision	During the auditing of Note 17.4 - Payables from exchange transactions (Employee benefits), there were the following differences identified between the amounts disclosed as payables from exchange transactions and the auditors recalculation:	Financial and performance management did not Implement controls over daily and monthly processing and reconciling of transactions.	Management should implement sufficient and appropriate controls over the review of information prior to being included in the financial statements. The leave management system should be enhanced to allow for the extraction of leave data at any given date, particularly at the financial year-end. If such enhancements are not possible in the short term, manual reconciliation processes should be put in place to ensure accurate reporting of leave balances at critical reporting date.	Director Corporate Services	Manager Payroll	30-Jun-26

ISA - Communication No. 31 of 2024-25	Inadequate implementation of user access management controls on the VIP Payroll and Premier HR system	were identified during the 2024-25 audit: Logon Violations Logs Limitation Logon violations reports were requested from management on VIP Payroll and Premier HR, however, it was noted that due to system limitations, the logon violation logs cannot be produced therefore reviews cannot be performed. It has also been noted that management is planning on replacing the system with another system to mitigate the identified limitations. User Account Modification System generated list of user access rights modification were requested from management on VIP Payroll and Premier	System limitations in VIP Payroll and Premier HR prevent generation of key audit and monitoring reports (logon violations, user access modifications, password reset logs), limiting management's ability to perform critical access reviews. Management has indicated that system replacement plans are underway to address these limitations. Process weakness: The review process for system administrator activities was not consistently documented. The audit trail lacked evidence of review	conduct an assessment to determine corrective measures that can be implemented in a short term and medium to long term: Recommendations for logon violations logs Short-term: Implement a manual log review process using any available system-generated logs or exception reports. Introduce compensating controls, such as monitoring failed login attempts through network or server logs if possible. Long-term: Ensure the replacement system includes robust logon violation reporting and automated alerts for suspicious login attempts. Document this requirement in the	Director Corporate Services	Manager Payroll	30-Jun-26

Financial Year: 2024/2025

Component	Finding	Finding Details	Root Cause	Remedial Action	Responsible Director [Snr Official]	Responsible Manager	Due Date
AoPO:Communication No. 46 of 2024-25	Duplication of number of households with access to basic water supply	Contrary to the above, during the assessment of the duplication within the total population of the numerator it was identified that the following errors were duplicates and overstated the numerator	Financial and performance management Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should investigate the duplicates identified and indicate if they agree with the issues identified. Management should provide the auditors with the supporting evidence if they agree with the finding.	Director Technical	Water and Sanitation Manager	30-Apr-26
AoPO:Communication No. 47 of 2024-25	AoPO: Duplication of number of households with access to basic electricity	Contrary to the above, during the assessment of the duplication within the total population of the numerator it was identified that the following errors were duplicates and overstated the numerator	Financial and performance management Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should investigate the duplicates identified and indicate if they agree with the issues identified. Management should provide the auditors with the supporting evidence if they agree with the	Director Technical	Electricity Manager	30-Apr-26

Communication No. 33 of 2024-25	Distribution losses - Water and Electricity	The Material losses is calculated before the financial statements are prepared and then never revised after the preparation since it is not time effective due to journals still being written until the end that could effect the calculation.	The amount disclosed in the financial statements for Distribution Losses - Water is understated with R987 769.00.	Monthly reconciliation of the calculation on water and electricity to be revised and validated on monthly basis by CFO and DTS.	Director Technical Services & Chief Financial Officer	Water and Sanitation Manager	Monthly

Financial Year 2024/2025

Component	Finding	Finding Details	Root Cause	Remedial Action	Responsible Director [Snr Official]	Responsible Manager	Due Date
Supply Chain Management	COAMF 40: Reasons for deviations deemed not reasonable (Justified)	During the audit of Procurement and Contract Management, the following deviations were identified where the reasons to deviate are not in line with the SCM requirements for deviations	Management did not in all instances review and monitor compliance with applicable laws and regulations	Utilization of service providers that were already appointed via tender process for panel of service providers and advertising new tenders (panel of service providers) for other commodities	Chief Financial Officer	Manager SCM	30-Jun-26
Supply Chain Management	COAF 43: Reasons for the advertising for minimum days is not reasonable	During the testing for competitive bids, it was identified the following bids were advertised for less than a minimum days and the reasons thereof did not constitute urgency and/ or emergency	Management did not in all instances review and monitor compliance with applicable laws and regulations	Ensure that Section 22(2) of the MFMA SCM Regulations is applied only in cases of substantiated urgency or emergency, and that all competitive bids adhere to the prescribed minimum advertising periods.	Chief Financial Officer	Manager SCM	30-Jun-26
Supply Chain Management	COAF 66: Supplier did not declare the family interest	It was noted that the declaration of interest form completed by service provider confirmed that the supplier did not declare that the spouse works for the Municipality. The official (Process Controllers) did not declare the interest as the official did not submit the declaration for the current financial year.	Management did not in all instances review and monitor compliance with applicable laws and regulations	Issue a memorandum to all service providers and municipal employees emphasizing the importance of full and accurate disclosure of financial interests in compliance with applicable regulations	Chief Financial Officer	Manager SCM	30-Jun-26
Payables and accruals - Accruals inaccurate	COAF 57 Accruals inaccurate	During the auditing of payables from exchange transactions, it was identified that there was no information submitted as evidence that the following supplier had rendered services / delivered goods to the municipality on/or before 30 June 2026	Limitation of scope R7 252 715.50	To provide the information to AGSA	Director Technical Services	Managers PMU & Electricity	2026/05/30
Unspent Grants	COAF 30 Unspent grants not utilised	The following 2 grants were received by the municipality and were unspent, however management could not provide evidence to indicate that this grants are conditional and should be returned to the	Lack of providing documentation	To provide the information to AGSA	Chief Financial Officer	Budget & Reports	2026/07/15

Expenditure Management	COA 74-Payables from exchange - Statutory Payables	During the auditing of payables - statutory payables , the following calculation difference was noted: A. R1 622 846 - INVOICE (for assessment period 01/03/2024-28/02/2025) Inspected the invoice from the Department of Labour addressed to Setsoto Local Municipality and confirmed the amount of R1 622 846.45. B. 1. Obtained and inspected the Classification of Industries document as issued by the compensation fund and confirmed that the municipality	Calculation not verified	Calculation to be verified with the compilation of the AFS	Chief Financial Officer	Manager Expenditure	15-Aug-26
Expenditure Management	COA 59-Bulk purchases - Expenditure not approved by the correctly delegated official	During the auditing of Bulk Purchases Expenditure, the following payment was identified which was not approved at the correct level of delegation:	During the week in question, the Chief Financial Officer (CFO) received a message on his mobile phone prompting him to authorise a transaction. As the CFO was not logged into the banking platform at the time, he immediately contacted the FNB helpline to verify the authenticity of the message. The matter was subsequently referred to the FNB Fraud Unit for further investigation. As a precautionary measure, and in alignment with sound financial governance and fraud prevention practices, the CFO decided not to access the banking platform or authorise any transactions until he received formal clearance from FNB's Fraud Unit. However, the transaction in question was time-sensitive and could not be delayed without incurring interest charges on late payment. In accordance with the approved Job Description of the Manager: Budget and Reporting, which stipulates that the incumbent may authorise transactions on behalf of the CFO when required, the CFO requested the Manager: Budget and Reporting to proceed with authorising the payment. This action was taken to ensure continuity of operations and to prevent	Update EFT policy to make provision for unforeseen circumstances	Chief Financial Officer	Manager Expenditure	As a priority
Expenditure Management	COA 39 - Inventory consumed : Classification	The invoices relating to the following payments made were not submitted to the auditors. As such the auditors could not confirm that the transactions listed below pertain to the municipality and have occurred:	The Auditor General did not accept the invoices attached as invoices	End-users to ensure that tax compliant invoices is submitted for payment	Chief Financial Officer	Manager Expenditure	Continuously

Revenue Management	COAF 54 - Revenue from exchange transactions – Accounts with duplicate billing	During a sample tested for duplicate billing, it was identified that the 2 occupier accounts listed in the table below that have been billed twice for all the service charges which include water, basic water, refuse and sewerage were identified:	Financial and performance management: Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	1. ~~A~~ review of accounts flagged as potential duplicates will be performed quarterly. 2. ~~I~~nstructions have been issued to debtor clerks to verify all new account creations against existing records prior to activation. 3. ~~A~~ll identified duplicates will be corrected by Debtor Clerks in units, depending on point 4 below. 4. ~~A~~ follow-up list will be submitted to Property Development [Housing Division] for clarification of current occupants. These corrective actions aim to strengthen internal controls and prevent future duplication errors.	Chief Financial Officer	Manager Revenue	30-Jun-26
Revenue Management	COAF 56 - Revenue non - compliance with regard to indigents identified	During a sample tested for employees flagged as indigent, it was identified that an indigent account is linked with an employee and this account received rebates for water, refuse and sewerage:	Financial and performance management: Management did not in all instances prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	<u>Steps Implemented to Prevent Recurrence:</u> 1. ~~V~~erification of Employee Addresses: Monthly validation of all employee physical addresses will be performed against the indigent register to ensure no employee is incorrectly listed as indigent. 2. ~~I~~ndependent review: The Senior Accountant will quarterly monitor the ageing reports to detect irregularities such employee-linked accounts. 3. ~~S~~taff Awareness: Employees will be reminded through internal communication that municipal staff do not qualify for indigent registration and that any misrepresentation constitutes misconduct.	Chief Financial Officer	Manager Revenue	30 June 2026 (Ongoing)

Cash flow statement	COAF 60 - Non-cash items relating to VAT and interest not eliminated on cash flow statement	GRAP 2.19-31: Reporting cash flows from operating activities 19 An entity shall report cash flows from operating activities using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. 20 The direct method provides information which may be useful in estimating future cash flows. Under the direct method, information about major classes of gross cash receipts and gross cash payments may be obtained either: (a) from the accounting records of the entity; or (b) by adjusting operating revenues, operating expenses (interest and similar revenue, and interest expense and similar charges for a public financial institution) and other items in the statement of financial performance for: (i) changes during the period in inventories and operating receivables and payables; (ii) other non-cash items; and (iii) other items for which the cash effects are	Interpretation and applying of cashflow pertaining VAT difference.	Technical advise to be sought on the compilation of VAT in cash flow statement	Chief Financial Officer	Budget & Reports	2026/07/15
Other disclosure notes	COAF 37 - Receivables from exchange transactions omitted from financial instruments note	Accounts receivable from exchange transactions were incorrectly omitted from the financial instruments note, despite meeting the definition of a financial instrument and a financial asset. Reason being that these receivables arise from contractual arrangements where goods or services are exchanged for payment, giving the entity has a right to receive cash or another financial asset. As such, they qualify as financial assets under GRAP 104 and should be appropriately disclosed in the financial instruments note to ensure compliance with the GRAP standards.	Omission of amount in AFS note	Review of AFS after compilation	Chief Financial Officer	Budget & Reports	2026/07/15
VAT201 Return Non-Compliance	VAT201 Return Non-Compliance - Communication No. 78 of 2024-25	During the recalculation of the VAT reconciliation the follow discrepancies had been identified. In addition due to reconciling amounts being present within the	Management has failed to ensure that proper controls are implemented to ensure that the correct VAT amounts are declared on the VAT201 returns.	We would recommend management to pay special attention to the processing of VAT to ensure that all VAT is appropriately recorded and in turn appropriately declared and claimed on the VAT201 returns.	Chief Financial Officer	Budget & Reports	30 June 2026 (Ongoing)

Financial Statement disclosure	Communication No. 73 of 2024-25- Inadequate disclosure of the new GRAP 104	Contrary to the above, the municipality has a new Standard, GRAP 104, which becomes effective on 1 April 2025 and will be applied from 1 July 2025. However, the municipality did not disclose whether this new Standard will result in an impending change or changes to the current accounting policy. Furthermore, the municipality did not disclose the expected impact—both qualitative and quantitative—that the application of the new Standard will have on the financial statements, nor did it indicate whether such impact is reasonably estimable or currently unknown.	Control deficiency Financial and performance management Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should ensures that the Annual Financial Statements are sufficiently reviewed so that they are inline with the reporting framework(GRAP 104)	Chief Financial Officer	Budget & Reports	2026/07/15

VOLUME II: ANNUAL FINANCIAL STATEMENT 2024/2025



Setsoto Local Municipality

(Demarcation code FS191)

**Annual Financial Statements
for the year ended 30 June 2025**

Auditor-General of South Africa (AGSA)

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Setsotho Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Audit & Performance Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2025.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and in terms of the MFMA section 166 (4)(b) the committee should at least meet four times a year. Due to the fact that the municipality had a hybrid system, the committee deals with performance issues as required by Regulation 14 (2) (a) of the Planning and Performance Management Regulation of 2001.

During the year under review 11 meetings were held.

Name of member	Number of meetings attended
Mrs SJ Masite (Chairperson)	11
Mr LS Mofokeng	11
Ms FMN Kobo	11
^Mrs MP Ramutsheli	6
#Ms TL Monare	9

^ Five absent with apology.

Resigned 30 May 2025.

All members are independent with no interest in the management, or conduct of the business of the Municipality.

The following entities / departments have a standing invitation to all Audit and Performance Audit Committee meetings:

- Free State Department of Cooperative Governance and Traditional Affairs;
- Free State Provincial Treasury; and
- Office of the Auditor General of South Africa.

The committee members are requested to declare their interest, on each agenda item, at every meeting held.

Audit & performance audit committee responsibilities

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) - (e) of the MFMA and Regulation 14(2)(a) of the Planning and Performance Management Regulation of 2001.

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

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is considered generally adequate in design and is partially ineffective in its implementation, this was evident by the reasonable assurance given by the Internal Audit Unit. However, there have been some vast improvements on some internal controls. The identification of corrective actions and suggested enhancements to the controls were done through a risk management process and interaction with management on the action plan on the audited report.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the municipalities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Audit & Performance Audit Committee Report

Internal audit

The audit & performance committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: _____

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The Accounting Officer submits her report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in my opinion require any further comment.

Net surplus of the municipality was R 72 922 581 (2024: surplus R 39 163 885).

2. Going concern

I draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 2 738 680 373 and that the municipality's total assets exceeded its liabilities by R 2 738 680 373.

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

3. Subsequent events

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

4. Accounting Officer's interest in contracts

The Accounting Officer had no interest in any contracts.

5. Accounting policies

The annual financial statements are prepared as required in terms of Section 122 of the Municipal Finance Management Act (No 56. of 2003) and in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed framework by National Treasury.

6. Employee Benefits

Management performed an actuarial valuation of the Employee Benefits of the employer's liability as arising from the post-retirement healthcare subsidy ("RHS") payable to current and retired employees.

The valuation is in line with the requirements of GRAP 25 and the items required for disclosure have been determined in terms of this standard.

Please refer to note 19.2 and 21 for details about these valuations.

7. Non-current assets

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

8. Accounting Officer

The Accounting Officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mrs. FN Malatjie	RSA

9. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

10. Jurisdiction

Setsoto Local Municipality includes the following areas:

- Ficksburg
- Senekal
- Marquard
- Clocolan

Mrs. FN Malatjie
Accounting Officer

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996) A municipality which is an organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development, and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007) Electricity Act (Act 41 of 1987) Municipal Systems Amendment Act (Act 44 of 2003) Municipal Structures Amendment Act (Act 33 of 2000) Housing Act (Act 107 of 1997) Intergovernmental Relations Framework Act (Act 13 of 2005) Intergovernmental Fiscal Relations Act (Act 97 of 1997) Municipal Demarcation Act (Act 27 of 1998) Transition Act Second Amendment (Act 97 of 1996) Water Services Act (Act 108 of 1997)
Portfolio	Councillor
Executive mayor	Mbiwe, SJ
Speaker	Maveleliso, PI
Mayoral committee	Selasi, MW Koalane, KE Mthimkulu, TI Mofokeng, MD (Appointed 2025/02/01) (Replaced T. Ancell) Makae, TE

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Council members

No	Surname	Initials
1	Constable	SM
2	Odendaal	MF
3	Motsoane	TP
4	Ancell	T (From 2025/02/01)
5	Ponya	MA
6	Maleke	MJ
7	Langa	TL
8	Thamae	LD
9	Ramohlokoane	PA (Appointed 2024/10/04)
10	Vermeulen	PJ
11	Heymans	MC
12	Makhalanyane	TG
13	Khatlake	NP (Chairperson of MPAC - From 1 June 2023)
14	Manako	TS
15	Mokheseng	SM
16	Mokoakoe	LG
17	Dell	H
18	Motloenya	LE
19	Janssonius	JM
20	Mohanoe	LE (Removed 2025/04/25)
21	Letube	ME
22	Mopatli	CD
23	Vries	I
24	Koqo	PE
25	Coetzee	J
26	Fuso	SS

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Grading of local authority	06 - Medium Capacity
Accounting Officer	Mrs. FN Malatjie
Chief Financial Officer (CFO)	Mr. NL Moletsane
Registered head office	27 Voortrekker Street Ficksburg 9730
Postal address	P O Box 116 Ficksburg 9730
Telephone	(051) 933 9300
Fax	(051) 933 9363
Bankers	First National Bank, a division of First Rand Limited
Auditors	Auditor-General of South Africa (AGSA)
Demarcation code	FS191
Legal manager	PM Koalane P O Box 116, Ficksburg, 9730 matshediso@setsoto.co.za

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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 were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board as required by in terms of Section 122 of the of the Municipal Finance Management Act (No. 56 of 2003).

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

I, as the Accounting Officer acknowledges that I am 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 me to meet these responsibilities, I have set 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.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on the basis that the municipality is a going concern and that Setso Local Municipality has neither the intention nor the need to liquidate or curtail materially its scale.

I would like to bring the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 37 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on pages 18 to 139, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), which have been prepared on the going concern basis and which I have signed on behalf of the municipality on 29 August 2025.

Mrs. FN Malatjie
Municipal Manager

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Abbreviations

ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
COID	Compensation for Occupational Injuries and Diseases
COGTA	Cooperative Governance and Traditional Affairs
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DSACR	Department of Sport, Arts, Culture and Recreation
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSIG	Municipal System Improvement Grant
mSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association
SAPS	South African Police Services
SCM	Supply Chain Management
MSA	Municipal Structures Act
MSA	Municipal System Act
NDPG	Neighbourhood Development And Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IMFO	Institute of Municipal Finance Officers
ME'S	Municipal Entities
MEC	Member of Executive Council

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Abbreviations

IGRAP

Interpretation of the South African Standards of Generally Recognised Accounting Practice

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								
2025								
Financial performance								
Revenue								
Exchange revenue								
Service charges - Electricity	128 116 368	-	128 116 368	128 116 368	120 326 696	(7 789 672)	93.92 %	93.92 %
Service charges - Water	75 068 532	8 000 000	83 068 532	83 068 532	86 863 803 ^	3 795 271	104.57 %	115.71 %
Service charges - Waste Water Management	43 116 360	-	43 116 360	43 116 360	43 040 718 ^	(75 642)	99.82 %	99.82 %
Service charges - Waste Management	58 105 476	-	58 105 476	58 105 476	57 144 192 ^	(961 284)	98.35 %	98.35 %
Sale of goods and rendering of services	2 141 796	470 976	2 612 772	2 612 772	2 170 794	(441 978)	83.08 %	101.35 %
Interest earned from receivables	50 000 004	43 882 340	93 882 344	93 882 344	54 979 243	(38 903 101)	58.56 %	109.96 %
Interest earned from current and non current assets	11 454 348	(2 061 056)	9 393 292	9 393 292	10 051 968	658 676	107.01 %	87.76 %
Dividends	85 050	-	85 050	85 050	93 761	8 711	110.24 %	110.24 %
Rent on land	1 753 620	163 256	1 916 876	1 916 876	1 913 877	(2 999)	99.84 %	109.14 %
Rental from fixed assets	114 180	2 956	117 136	117 136	131 693	14 557	112.43 %	115.34 %
Operational revenue	562 716	195 184	757 900	757 900	2 936 831	2 178 931	387.50 %	521.90 %
	370 518 450	50 653 656	421 172 106	421 172 106	379 653 576	(41 518 530)	90.14 %	102.47 %
Non-exchange revenue								
Property rates	85 836 024	-	85 836 024	85 836 024	86 081 108 ^	245 084	100.29 %	100.29 %
Fines, penalties and forfeits	315 000	(215 000)	100 000	100 000	711 070	611 070	711.07 %	225.74 %
Licences or permits	132 300	(112 300)	20 000	20 000	126 943	106 943	634.72 %	95.95 %
Transfer and subsidies - Operational	270 624 005	-	270 624 005	270 624 005	274 288 158	3 664 153	101.35 %	101.35 %
Interest	-	18 033 028	18 033 028	18 033 028	10 172 697	(7 860 331)	56.41 %	- %
Operational revenue	5 890 524	-	5 890 524	5 890 524	2 581 677	(3 308 847)	43.83 %	43.83 %
Gains on disposal of assets	184 332	-	184 332	184 332	392 423	208 091	212.89 %	212.89 %
Other gains	32 000 004	-	32 000 004	32 000 004	348 585	(31 651 419)	1.09 %	1.09 %
	394 982 189	17 705 728	412 687 917	412 687 917	374 702 661	(37 985 256)	90.80 %	94.87 %
Total Revenue (excl. capital transfers and contributions)	765 500 639	68 359 384	833 860 023	833 860 023	754 356 237	(79 503 786)	90.47 %	98.54 %

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								
Expenditure								
Employee costs	(267 542 412)	-	(267 542 412)	(267 542 412)	(262 228 423)	5 313 989	98.01 %	98.01 %
Remuneration of councillors	(16 158 216)	(709 784)	(16 868 000)	(16 868 000)	(15 271 531)	1 596 469	90.54 %	94.51 %
Bulk purchases - Electricity	(139 377 420)	-	(139 377 420)	(139 377 420)	(123 787 840)	15 589 580	88.81 %	88.81 %
Inventory consumed	(46 257 708)	(6 278 216)	(52 535 924)	(52 535 924)	(19 184 202)	33 351 722	36.52 %	41.47 %
Debt impairment	(93 089 184)	(43 893 848)	(136 983 032)	(136 983 032)	(23 736 805)	113 246 227	17.33 %	25.50 %
Depreciation and amortisation	(162 862 704)	(6 236 456)	(169 099 160)	(169 099 160)	(140 281 732)	28 817 428	82.96 %	86.13 %
Finance charges	(2 550 012)	(733 000)	(3 283 012)	(3 283 012)	(4 103 017)	(820 005)	124.98 %	160.90 %
Contracted services	(35 658 540)	(23 068 416)	(58 726 956)	(58 726 956)	(53 037 154)	5 689 802	90.31 %	148.74 %
Transfers and subsidies	(32 159 004)	(17 601 892)	(49 760 896)	(49 760 896)	(47 265 390)^	2 495 506	94.99 %	146.97 %
Irrecoverable debts written off	(58 000 000)	-	(58 000 000)	(58 000 000)	(135 203 012)	(77 203 012)	233.11 %	233.11 %
Operational costs	(72 076 616)	(9 770 960)	(81 847 576)	(81 847 576)	(54 674 831)	27 172 745	66.80 %	75.86 %
Losses on disposal of Assets	-	-	-	-	(8 059 933)	(8 059 933)	- %	- %
Total Expenditure	(925 731 816)	(108 292 572)	(1 034 024 388)	(1 034 024 388)	(886 833 870)	147 190 518	85.77 %	95.80 %
Deficit	(160 231 177)	(39 933 188)	(200 164 365)	(200 164 365)	(132 477 633)	67 686 732	66.18 %	82.68 %
Transfers and subsidies - capital (monetary allocations)	218 681 003	-	218 681 003	218 681 003	205 400 214	(13 280 789)	93.93 %	93.93 %
Surplus for the year	58 449 826	(39 933 188)	18 516 638	18 516 638	72 922 581	54 405 943	393.82 %	124.76 %

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								
Reconciliation of actual amounts and amounts as per the statement of financial performance						Amount per Statement of Financial Performance	Adjustments	Amount per Budget Statement
Service charges - Water						74 559 038	12 304 765	86 863 803
Service charges - Waste water						33 824 390	9 216 328	43 040 718
Service charges - Waste						44 332 830	12 811 362	57 144 192
Property rates						73 605 549	12 475 559	86 081 108
Transfers and subsidies paid						(457 376)	(46 808 014)	(47 265 390)
						225 864 431	-	225 864 431

^Transfers and subsidies paid are budgeted for under expenditure, but forms part of service charges revenue, in the statement of financial performance.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								

Commentary

Reasons for variances between budgeted and actual amounts greater than 10%:

1. Sale of goods and rendering of services:

Dependant on ad-hoc services. Declined services required.

2. Interest earned - receivables:

Amount budgeted against the non-exchange revenue interest. Split not applied during budget process.

3. Rent from fixed assets:

Increased rent of council's fixed assets.

4. Operational revenue:

Applying unallocated policy results in increase revenue.

5. Fines, penalties and forfeits:

Accounting for fines issued result in increased revenue.

6. Licences or permits:

Increase in licences issued during the year.

7. Interest earned from receivables:

Amount budgeted against the exchange revenue interest. Split not applied during budget process.

8. Operational revenue:

Non-Exchange service charges (availability) budget against exchange service revenue.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								
<u>9. Gains on disposal:</u>								
Actual disposals more than budgeted for.								
<u>10. Other revenue:</u>								
Non-Exchange service charges (availability) budget against exchange service revenue.								
<u>11. Bulk purchases:</u>								
Decline in electricity consumption contributes to saving as well as strict cost containment measures.								
<u>12. Materials:</u>								
Proper implementation of cost containment measures.								
<u>13. Debt impairment:</u>								
Writing off of bad debt decreased provision for impairment.								
<u>14. Depreciation, amortisation and impairment losses:</u>								
Depreciation increase than anticipated.								
<u>15. Finance cost:</u>								
Additional finance lease enter into.								
<u>16. Irrecoverable debt write off:</u>								
Fair value calculation increased due to poor payment percentage.								
<u>17. Operational costs:</u>								
Proper implementation of cost containment measures.								

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								

18. Loss on disposal:

Write off of PPE assets.

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	42 869 427	57 062 518
Receivables from exchange transactions	4	245 600 303	212 277 546 *
Receivables from non-exchange transactions	5	83 460 354	70 152 440 *
Inventory	8	5 188 900	3 225 249
VAT Receivable	6	10 138 616	9 151 684 *
Deposits	7	4 711 362	3 968 525 *
Other current assets	9	319 745	324 473 *
Total Current Assets		392 288 707	356 162 435
Non-Current Assets			
Other financial assets	10	5 196 389	4 723 333
Investment property	11	69 720 416	71 891 310
Property, plant and equipment	12	2 534 303 888	2 505 675 383 *
Heritage assets	13	12 094 650	12 094 650
Intangible assets	14	59 657	95 200
Total Non-Current Assets		2 621 375 000	2 594 479 876
Total Assets		3 013 663 707	2 950 642 311
Liabilities			
Current Liabilities			
Financial liabilities	15	2 582 219	2 709 387
Consumer deposits	16	3 256 046	3 190 178
Payables from exchange transactions	17	139 952 107	127 457 493 *
Unspent grants	18	13 500 560	21 039 007 *
Provisions and other employee liabilities	19	2 387 514	1 907 322 *
VAT Payable	20	328 225	11 865 013 *
Post-retirement health care benefit liability	21	1 919 971	1 978 951
Total Current Liabilities		163 926 642	170 147 351
Non-Current Liabilities			
Financial liabilities	15	9 916 970	12 337 978
Provisions and other employee liabilities	19	47 976 751	51 312 844 *
Post-retirement health care benefit liability	21	53 162 982	51 086 357
Total Non-Current Liabilities		111 056 703	114 737 179
Total Liabilities		274 983 345	284 884 530
Net Assets		2 738 680 362	2 665 757 781
Community Wealth / Equity			
Accumulated surplus		2 738 680 373	2 665 757 792

* See Note 58

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance for the year ended 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Exchange Revenue			
Services charges – Electricity	23	120 326 696	103 638 778
Services charges – Waste management	23	44 332 830	46 379 604
Services charges – Waste water management	23	33 824 390	35 569 353
Services charges – Water management	23	74 559 038	79 309 309
Sales of goods and rendering of services	25	2 170 794	1 937 376
Interest earned from receivables	29	54 979 243	52 572 847 *
Interests on investments	28	10 051 968	12 593 816
Dividends	30	93 761	80 975
Rental on land	26	1 913 877	1 685 655
Rental from facilities and equipment	27	131 693	106 811
Operational revenue	34	2 936 831	2 392 890
Total Exchange Revenue		345 321 121	336 267 414
Non-Exchange Revenue			
Availability charges – Electricity	24	1 161 078	957 528 *
Availability charges – Water management	24	882 422	834 802 *
Availability charges – Waste water management	24	538 177	512 298 *
Property rates	22	73 605 549	71 494 816
Fines, penalties and forfeits	31	711 070	851 850
Licences or permits	32	126 943	89 843
Transfers and subsidies – Operational	33	274 288 158	255 844 017 *
Transfers and subsidies – Capital	33	205 400 214	209 219 269 *
Interest earned from receivables	29	10 172 697	9 513 107 *
Total Non-Exchange Revenue		566 886 308	549 317 530
Total Revenue		912 207 429	885 584 944
Expenditure			
Employee related cost	36	(262 228 423)	(242 302 424)*
Remuneration of councillors	37	(15 271 531)	(14 740 876)
Bulk purchases	41	(123 787 840)	(106 176 124)
Inventory consumed	42	(19 184 202)	(15 768 303)*
Debt impairment	39	(23 736 805)	(30 118 099)
Depreciation, amortisation and impairment	38	(140 281 732)	(156 429 407)*
Finance cost	40	(4 103 017)	(3 366 488)*
Contracted services	43	(53 037 154)	(39 336 523)*
Transfers and subsidies		(457 376)	(79 003)
Irrecoverable debts written off		(135 203 012)	(148 282 581)*
Operating leases	45	(352 679)	-
Operational costs	44	(54 322 152)	(56 502 437)*
Fair value adjustments and losses on disposals of assets	35	(7 318 925)	(33 318 794)
Total Expenditure		(839 284 848)	(846 421 059)
Surplus for the year		72 922 581	39 163 885

* See Note 58

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement for the year ended 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates and availability		64 856 403	65 224 426 *
Sale of goods and services		145 730 574	123 383 133 *
Other receipts		5 192 016	6 439 875 *
Grants		472 149 925	446 079 013
Fines, penalties and forfeits		33 555	189 340 *
Interest		31 703 427	38 444 436 *
Dividends		93 761	80 975
Payments			
Employees		(267 989 874)	(259 221 010)
Suppliers		(302 850 456)	(245 221 911)*
Finance costs		(1 360 096)	(122 980)*
VAT		21 623 513	34 990 103 *
Net cash from(used) operating activities	46	169 182 748	210 265 400
Cash flows from investing activities			
Receipts			
Proceeds on disposal of fixed and intangible assets		392 423	242 351 *
Payments			
Capital assets		(181 220 086)	(218 832 879)*
Net cash flows from investing activities		(180 827 663)	(218 590 528)
Cash flows from financing activities			
Payments			
Increase / (Decrease) in borrowings		(2 548 176)	(819 885)
Net cash flows from financing activities		(2 548 176)	(819 885)
Net increase/(decrease) in cash		(14 193 091)	(9 145 013)
Cash and cash equivalents at year begin		57 062 518	66 207 531
		42 869 427	57 062 518

* See Note 58

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets as at 30 June 2025

Figures in Rand	Accumulated surplus	Total net assets
Balance at 1 July 2023	2 753 960 176	2 753 960 176
*Restated surplus /(deficit) for the year	39 163 885	39 163 885
Total changes	39 163 885	39 163 885
	2 793 124 061	2 793 124 061
Adjustments		
*Correction of errors	(127 366 269)	(127 366 269)
*Restated Balance at 1 July 2024	2 665 757 792	2 665 757 792
Surplus for the year	72 922 581	72 922 581
Total changes	72 922 581	72 922 581
Balance at 30 June 2025	2 738 680 373	2 738 680 373

* See Note 58

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

The Annual Financial Statements of Setso Local Municipality for the year ended 30 June 2025 were authorised for issue by the Accounting Officer on 31 August 2025.

These 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 No 56 of 2003).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below:

1. Summary of significant accounting policies

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of financial position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4 Current year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

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

1.5 Significant judgements and estimates

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Significant judgements and estimates (continued)

1.5.1 Judgements

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the annual financial statements:

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

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management 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 of trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Operating lease commitments

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments made under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Allowance for slow moving, damaged and obsolete stock

An allowance for management to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating cost note.

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Significant judgements and estimates (continued)

1.5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes 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 obligations. In determining the appropriate discount rate, the municipality considers the interest rate 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 liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in note 19.2 and note 21.

Effective interest rate

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgment to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement, that have a material impact on the fair value of the financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rate and periods used.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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.

Useful lives of waste, water networks 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.

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 value less cost 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.

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Accounting Policies

1.5 Significant judgements and estimates (continued)

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 in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions were raised and management determined and estimate based on the available information. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognised as finance cost in the Statement of financial performance.

Budget information

Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the annual financial statements.

1.6 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

1.7 Inventory

Cost of inventory comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Inventory consist of raw materials and consumables. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value. Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Where inventories are acquired through a non-exchange transaction, then their cost is the fair value as at the date of acquisition.

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

Redundant and slow moving inventory are identified and written down to their estimated net realisable values, estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of financial performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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1.8 Investment property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, administrative purposes or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

Initial recognition

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where the classification of an investment property is based on management's judgment, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties;
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

Owner-occupied property is property held for use in the production of supply of goods and 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 can be measured reliably.

Cost 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 replacement part is derecognised.

Subsequent measurement – cost model

Subsequent to initial recognition, investment properties are measured using the cost model, and is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, over the useful life of the property, which is as follows:

- Property - land : indefinite
- Property - buildings : 15-80 years

Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of financial position) 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. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

The municipality discloses relevant information relating to assets under construction or development in the notes to the financial statements. Refer to note 12.

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Accounting Policies

1.9 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, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost on its acquisition date. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent measurement – cost model

Subsequently all property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements. Refer to note 12.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. Refer to note 12.

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Accounting Policies

1.9 Property, plant and equipment (continued)

Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

Asset class	Useful lives (Years)
Buildings	
• Buildings	10 - 80 years
Infrastructure assets	
• Electricity	5 - 50 years
• Waste management	5 - 40 years
• Roads, pavements, bridges and storm water	5 - 80 years
• Water	5 - 80 years
• Waste water management	10 - 60 years
Community assets	
• Buildings and other structures (Community)	25 - 50 years
Leased assets	5 - 20 years
Transport assets	
• Transport assets	5 - 20 years
Other assets	
• Furniture and office equipment	5 - 10 years
• Plant and machinery	2 - 20 years
• Office equipment	3 - 7 years
• IT Equipment	3 - 7 years
• Computer equipment	3 - 6 years
• Other PPE	3 - 7 years

The estimated useful life, residual values and depreciation method are assessed at each reporting date on an indicator basis.

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

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Accounting Policies

1.9 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits of service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying values of assets.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the Cash flow statement.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or surplus when the compensation becomes receivable.

Site rehabilitation and restoration costs

Where the municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As 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.

1.10 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified heritage assets. Furthermore land with a natural significance is not componentised but seen as a single heritage asset due to all parts contributing together to make up its significance.

Land and buildings that qualify as heritage asset, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, are recognised as property, plant and equipment, rather than a heritage asset.

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Accounting Policies

1.10 Heritage assets (continued)

Initial recognition and measurement

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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.

Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An impairment loss of a non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Value in use of a non-cash generating asset is the present value of the asset's remaining service potential.

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 carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of heritage assets.

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Accounting Policies

1.10 Heritage assets (continued)

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

1.11 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost of fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset;
- the expenditure attributable to the asset during its development can be measured reliably.

Initial recognition and measurement

Intangible assets are initially recognised at cost. The cost of an intangible assets is the purchase price and other costs attributable to bring the intangible assets to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible assets is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

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Accounting Policies

1.11 Intangible assets (continued)

Subsequent measurement

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 5 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Internally generated goodwill is not recognised as an intangible asset.

Derecognition

Intangible assets 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 on the disposal or retirement of an intangible assets is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of financial performance.

1.12 Borrowing costs

Borrowing costs are interest and other expenses incurred by an municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the Statement of financial performance in the period in which they are incurred.

1.13 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

Impairment of cash-generating assets

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

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

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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Accounting Policies

1.13 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life and the municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Impairment of non-cash-generating assets

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

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

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

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

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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Accounting Policies

1.13 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach:

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach:

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach:

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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1.14 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. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipality determines the classification of its financial instruments at initial recognition.

Financial instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.14.1 Classification of financial instruments

Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash.

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost being investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial asset	Classification in terms of GRAP 104
Consumer debtors	Financial assets at amortised cost
Other debtors	Financial assets at amortised cost
Short-term investment deposit - Call	Financial assets at amortised cost
Bank balances and cash	Financial assets at amortised cost
Investments in stock - Sanlam and OVK	Financial assets at fair value

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist:

- Financial liabilities measured at amortised cost; or
- Financial liabilities measured at fair value.

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1.14 Financial instruments (continued)

The municipality has the following types of financial liabilities as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Payables from exchange transactions	Financial liability at amortised cost
Financial liabilities	Financial liability at amortised cost
Finance leases	Financial liability at amortised cost
Consumer deposits	Financial liability at amortised cost

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial liabilities where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.14.2 Initial and subsequent measurement

Initial recognition and measurement

A financial instruments is recognised, when the municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instruments not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement – Financial assets

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

Debtors:

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of financial performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of financial performance.

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably are subsequently measured at cost less any impairment. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any calculated impairment is recognised in the Statement of financial performance.

Fixed and negotiable deposits:

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity.

Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of Fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

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Accounting Policies

1.14 Financial instruments (continued)

Loans and receivables:

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Subsequent measurement – Financial liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

Borrowings and other financial liabilities:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

1.14.3 Impairment of financial assets

Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

1.14.4 Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial assets, the municipality continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

1.14.5 Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instruments is not active, the municipality establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs.

Setsotho Local Municipality

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Accounting Policies

1.15 Provisions

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of financial performance as a finance cost as it occurs.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

1.16 Employee benefits

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

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.

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Accounting Policies

1.16 Employee benefits (continued)

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

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

Remuneration to employees is recognised in the Statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

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.

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

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 municipality 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 municipality 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.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of financial position.

Setso Local Municipality

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Accounting Policies

1.16 Employee benefits (continued)

Bonus provisions

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of financial performance in the period in which the service is rendered by the relevant employees.

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.

Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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.

Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the 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-term incentives are accounted for through the Statement of financial performance.

Setsotho Local Municipality

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Accounting Policies

1.16 Employee benefits (continued)

National- and provincially administered defined benefit plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

The municipality does not apply defined benefit accounting to the defined benefit funds to which it is a member where these funds are classified in terms of the Standard of GRAP 25 on Employee Benefits as multi employer plans, as sufficient information is not available to apply the principals involved. As a result, this standard of GRAP is applied and such funds are accounted for as defined contribution funds.

1.17 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of financial position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Municipality as lessor

Amounts due from lessees under finance leases or installment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or installment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

1.18 Tax

The municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

Setso Local Municipality

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1.19 Statutory receivables

1.19.1 Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables
- Rates debtors
- Traffic fine debtors
- Availability charges debtors

1.19.2 Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

1.19.3 Measurement

The municipality initially measures statutory receivables at their transaction amount.

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

1.19.4 Impairment

Statutory receivables, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Statutory receivables are impaired where there is objective evidence of impairment of Statutory receivables (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 108.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 108, the assessment for impairment needs to be made for each individual financial asset separately or for groups of statutory receivables with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

VAT receivable

VAT is submitted and paid on a monthly basis thus no interest is charged on outstanding VAT amounts. VAT receivable from SARS is not impaired as the South African Revenue Services has sufficient funds to pay any outstanding amounts.

Assessment rate debtors and availability charges debtors

Assessment rates debtors and availability charges debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

Setso Local Municipality

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Accounting Policies

1.19 Statutory receivables (continued)

Traffic fine debtors

Traffic fine debtors are reviewed collectively considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.19.5 Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.20 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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Accounting Policies

1.20 Revenue (continued)

1.20.1 Revenue from exchange transactions

Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Revenue from rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

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Accounting Policies

1.20 Revenue (continued)

1.20.2 Revenue from non-exchange transactions

Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Other grants and donations

Donations shall be measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

Transfers and subsidies

Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. For example, equitable share grants per the Division of Revenue Act where the period of use of such funds is stated, should be recognised on a time proportion basis, i.e. over the stated period. Where there is no restriction on the period, such revenue should be recognised on receipt or when the Act becomes effective, which-ever is earlier.

In certain circumstances government will only remit grants on a re-imbursement basis. Revenue should therefore be recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with and not when the grant is received.

An entity needs to assess the degree of certainty attached to the flow of future economic benefits of service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants should only be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue should only be recognised once evidence of the probability of the flow becomes available.

Conditional grants

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

In certain circumstances government will only remit grants on a re-imbursement basis. Revenue should therefore be recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with and not when the grant is received.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.20 Revenue (continued)

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

An entity needs to assess the degree of certainty attached to the flow of future economic benefits of service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants should only be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue should only be recognised once evidence of the probability of the flow becomes available.

Interest earned on unspent grants and receipts

Interest earned on unspent grants and receipts is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance in accordance with GRAP 9.

Services received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

1.21 Transfers and subsidies – non-exchange expenditure

The municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

Setso Local Municipality

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Accounting Policies

1.22 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

1.23 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.24 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991. The municipality account for VAT on a monthly basis.

The municipality is liable to account for VAT at the Standard rate (15%) in terms of section 7(1)(a) of the Value Added Tax Act, (Act 89 of 1991) in respect of the supply goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality account for VAT on a monthly basis.

Setsotho Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.25 Grants-in-aid

The municipality transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.26 Unauthorised expenditure

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality's approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality's budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Setso Local Municipality

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Accounting Policies

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 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 municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of financial performance and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

Irregular expenditure is defined in section 1 of the MFMA as follows:

"Irregular expenditure", in relation to a municipality or municipal entity, means:

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

In this context 'expenditure' refers to any use of municipal funds that is in contravention of the following legislation:

- Municipal Finance Management Act, Act 56 of 2003, and its regulations;
- Municipal Systems Act, Act 32 of 2000, and its regulations;
- Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
- The municipality's supply chain management policy, and any by-laws giving effect to that policy.

Although a transaction or an event may trigger irregular expenditure, a municipality or municipal entity will only identify irregular expenditure when a payment is made, in other words, the recognition of irregular expenditure will be linked to a financial transaction. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling legislation, regulations, frameworks, circulars, instruction notes, practice notes and guidelines.

1.29 Change in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

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Accounting Policies

1.29 Change in accounting policies, estimates and errors (continued)

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

1.30 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality. Refer to note 47 and 48.

1.31 Commitments

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

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancelable or only cancelable at significant cost contracts should relate to something other than the business of the municipality.

1.32 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Setsotho Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.33 Segment reporting

Identification of segments:

The municipality is organised and reports to management on the basis of four major departments.

The departments are:

- Office of the municipal manager;
- Corporate services;
- Community services, and;
- Technical services

Only the community services and technical services departments have been identified as reportable segments. Management monitors the results of these units to make decisions about resource allocations and assessment of performance. Revenue and expenditure relating to these units are allocated at a transactional level. Cost relating to the governance and administration of the municipality are not allocated to these business units. Segment activities were aggregated for reporting purposes into the two reportable segments.

The office of the municipal manager, finance and corporate services departments are the governance and administration units of the municipality. However, they are not reportable segments. Their results are reported as non-reportable segments to reconcile the results of the reportable segments to the total revenue and expenses of the municipality for the year under review.

The two reportable segments comprise of:

- Community services - which include sport and recreation, housing, public safety, refuse removal, street cleaning and cemeteries, and;
- Technical services - which include energy sources, water management, and waste water management.

Management does not monitor financial performance geographically and does not have reliable separate financial information for geographical areas in the municipal area.

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management.

1.34 Expenditure

Expenditure encompasses losses as well as those expenses that arise in the course of the operating activities of the municipality.

Expenses take the form of an outflow or depletion of assets such as cash and cash equivalent, inventory, property, plant and equipment.

Losses represent decreases in economic benefits or service potential. Losses are recognised net of the related revenue to reflect the substance of the transaction.

Expenses are recognised in the Statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Expenditure is recognised 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.

Setso Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards, amendments to standards and interpretations issued, but not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023: Improvements to the Standards of GRAP 2023	To be determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact, may result in additional disclosure
• GRAP 103 (amended): Heritage Assets	To be determined	Unlikely there will be a material impact
• iGRAP 22: Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Cash and cash equivalents

3.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

Call deposits and investments

Short-term deposits	37 863 035	30 742 833
Cash at bank		
Bank balances	4 997 185	26 310 478
Cash on hand	9 207	9 207
Total cash and cash equivalents	42 869 427	57 062 518

Call deposits and investments by financial institution

Institution	Account number	Account type		
First National Bank	621 517 83563	Business Money Market	19 820	18 941
First National Bank	620 490 46205	Call Account	8 134	7 772
First National Bank	623 105 40465	NSTD Account	2 535 491	2 328 726
			2 563 445	2 355 439
Standard Bank	4844 585 1003	Notice Deposit	14 235 748	16 018 754
Standard Bank	4844 585 1005	Notice Deposit	6 027 583	5 566 809
Standard Bank	4844 585 1016	Notice Deposit	6 538 421	-
			26 801 752	21 585 563
ABSA Bank	937 089 1524	Notice Deposit	4 449 693	3 063 138
Nedbank	3788 116 4646	Notice Deposit	4 048 145	3 738 693
Total investments			37 863 035	30 742 833

Setso Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Cash and cash equivalents (continued)

3.2 Bank accounts - Cash book balances

The municipality has the following bank accounts:

FNB Bank	Account - 620 480 92647	4 997 185	26 310 478

3.3 Difference between cash book and bank statement

2025

	Cash book	Bank statement	Difference
FNB Bank - Account 620 480 92647	4 997 185	4 600 362	396 823
The difference is due to cashier receipts (R396 823) captured before year end and only deposited after year end.			
Standard Bank - Account 4844 585 1003	14 235 748	14 232 882	2 866
The difference is due to accrued interest.			
Standard Bank - Account 4844 585 1005	6 027 583	6 026 353	1 230
The difference is due to accrued interest.			
Standard Bank - Account 4844 585 1016	6 538 421	6 537 105	1 316
The difference is due to accrued interest.			
	31 798 937	31 396 702	402 235

2024

	Cash book	Bank statement	Difference
FNB Bank - Account 620 480 92647	26 310 478	25 553 959	756 519
The difference is due to cashier receipts (R757 447) captured before year end and only deposited after year end, as well as an electronic fund transfer -(R920) not yet reflected on the bank statement.			
Standard Bank - Account 4844 585 1003	16 018 754	15 907 294	111 460
The difference is due to accrued interest.			
Standard Bank - Account 4844 585 1005	5 566 809	5 527 142	39 667
The difference is due to accrued interest.			
	47 896 041	46 988 395	907 646

Cessions

There are no cessions.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents were pledged as collateral for the current financial year.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions

Consumer receivables	4.1	245 600 303	212 277 546

4.1 Consumer receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	46 699 220	(16 459 710)	30 239 510	42 206 869	(16 314 237)	25 892 632
Waste management	153 336 480	(93 761 793)	59 574 687	151 575 716	(96 421 349)	55 154 367
Waste water management	112 366 532	(66 880 360)	45 486 172	111 527 399	(69 166 849)	42 360 550
Water	233 670 417	(138 698 681)	94 971 736	195 271 438	(118 377 685)	76 893 753
Other debtors	45 974 504	(30 646 306)	15 328 198	37 919 577	(25 943 333)	11 976 244
Total	592 047 153	(346 446 850)	245 600 303	538 500 999	(326 223 453)	212 277 546

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Notes to the Annual Financial Statements

Figures in Rand

4. Receivables from exchange transactions (continued)

4.1.1 Ageing of consumer receivables

2025

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Ageing by debt type						
Electricity	30 239 510	6 898 479	1 025 570	816 544	635 662	20 863 255
Waste management	59 574 687	3 729 260	1 671 234	1 668 628	1 627 635	50 877 930
Waste water management	45 486 172	2 895 506	1 289 941	1 282 125	1 248 207	38 770 393
Water	94 971 736	6 966 732	3 113 512	3 099 360	3 032 278	78 759 854
Other debtors	15 328 198	611 299	395 059	399 654	382 485	13 539 701
Total ageing by debt type	245 600 303	21 101 276	7 495 316	7 266 311	6 926 267	202 811 133
Ageing per customer group						
Organs of state	17 402 166	2 676 654	654 709	487 171	413 483	13 170 149
Consumers	187 870 673	11 456 940	6 128 951	6 261 199	5 947 960	158 075 623
Industrial/commercial	40 327 464	6 967 682	711 656	517 941	564 824	31 565 361
Total ageing per customer group	245 600 303	21 101 276	7 495 316	7 266 311	6 926 267	202 811 133

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Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

4. Receivables from exchange transactions (continued)

2024

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Ageing by debt type						
Electricity	25 892 632	6 536 210	882 332	704 118	747 637	17 022 335
Other debtors	11 976 244	733 293	346 495	336 132	330 994	10 229 330
Waste management	55 154 367	3 537 066	1 634 479	1 614 773	1 615 186	46 752 863
Waste water management	42 360 550	2 741 137	1 261 774	1 245 266	1 244 153	35 868 220
Water	76 893 753	7 756 707	2 984 612	3 009 494	2 909 860	60 233 080
Total ageing by debt type	212 277 546	21 304 413	7 109 692	6 909 783	6 847 830	170 105 828
Ageing per customer group						
Organs of state	16 563 842	4 645 342	501 438	475 098	455 070	10 486 894
Consumers	160 638 664	9 104 292	5 989 041	5 975 876	5 870 352	133 699 103
Industrial/commercial	35 075 040	7 554 779	619 213	458 809	522 408	25 919 831
Total ageing per customer group	212 277 546	21 304 413	7 109 692	6 909 783	6 847 830	170 105 828

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Figures in Rand

4. Receivables from exchange transactions (continued)

4.1.2 Impairment reconciliation of consumer receivables

	2025			2024		
	Opening balance	Impairment raised / (reversed)	Closing balance	Opening balance	Impairment raised / (reversed)	Closing balance
Electricity	16 314 237	145 473	16 459 710	15 899 478	414 759	16 314 237
Waste management	96 421 348	(2 659 555)	93 761 793	82 711 705	13 709 644	96 421 349
Waste water management	69 166 849	(2 286 489)	66 880 360	59 347 040	9 819 809	69 166 849
Water	118 377 685	20 320 996	138 698 681	121 760 584	(3 382 899)	118 377 685
Other debtors	25 943 333	4 702 973	30 646 306	20 373 201	5 570 132	25 943 333
Total	326 223 452	20 223 398	346 446 850	300 092 008	26 131 445	326 223 453

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4. Receivables from exchange transactions (continued)

4.1.3 Ageing of impaired consumer receivables

2025

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Ageing by debt type						
Electricity	16 459 710	3 754 921	558 229	444 454	345 998	11 356 108
Waste water management	66 880 360	4 257 392	1 896 659	1 885 165	1 835 294	57 005 850
Waste management	93 761 793	5 869 306	2 630 276	2 626 176	2 561 659	80 074 376
Water	138 698 681	10 174 359	4 547 037	4 526 370	4 428 401	115 022 514
Other debtors	30 646 306	1 222 197	789 858	799 044	764 719	27 070 488
Total by debt type	346 446 850	25 278 175	10 422 059	10 281 209	9 936 071	290 529 336
Ageing per customer group						
Organs of state	2 430 920	177 370	73 129	72 140	69 719	2 038 562
Consumers	323 314 223	23 590 324	9 726 167	9 594 722	9 272 629	271 130 381
Industrial/commercial	20 701 707	1 510 481	622 763	614 347	593 723	17 360 393
Total by customer group	346 446 850	25 278 175	10 422 059	10 281 209	9 936 071	290 529 336

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4. Receivables from exchange transactions (continued)

2024

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Ageing by debt type						
Electricity	16 314 237	4 118 286	555 933	443 645	471 065	10 725 308
Waste water management	69 166 849	4 475 763	2 060 241	2 033 286	2 031 468	58 566 091
Waste management	96 421 349	6 183 529	2 857 411	2 822 961	2 823 682	81 733 766
Water	118 377 685	11 941 426	4 594 800	4 633 106	4 479 721	92 728 632
Other debtors	25 943 333	1 588 485	750 590	728 140	717 011	22 159 107
Total by debt type	326 223 453	28 307 489	10 818 975	10 661 138	10 522 947	265 912 904
Ageing per customer group						
Organs of state	2 429 373	210 805	80 568	79 393	78 364	1 980 243
Consumers	304 856 867	26 453 439	10 110 367	9 962 868	9 833 728	248 496 465
Industrial/commercial	18 937 213	1 643 245	628 040	618 877	610 855	15 436 196
Total by customer group	326 223 453	28 307 489	10 818 975	10 661 138	10 522 947	265 912 904

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4. Receivables from exchange transactions (continued)

4.1.4 Consumer receivables past due not impaired

2025

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	6 806 201	5 769 778	4 551	4 536	4 521	1 022 815
Waste management	1 010 027	897 832	-	-	-	112 195
Waste water management	1 772 038	726 416	-	-	-	1 045 622
Water	4 557 630	1 582 730	-	-	-	2 974 900
Other debtors	122 732	92 833	738	547	545	28 069
Total	14 268 628	9 069 589	5 289	5 083	5 066	5 183 601

2024

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	2 497 444	1 740 936	4 947	4 933	4 919	741 709
Waste management	73 459	3 225	-	-	-	70 234
Waste water management	703 695	29 920	-	-	-	673 775
Water	5 361 065	3 469 952	-	-	-	1 891 113
Other debtors	25 634	4 271	556	554	552	19 701
Total	8 661 297	5 248 304	5 503	5 487	5 471	3 396 532

4.1.5 Consumer receivables pledged as security

No receivables from exchange transactions were pledged as security.

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

4.1.6 Fair value of receivables from exchange transactions

In determining the recoverability of receivables from exchange transactions, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of receivables from exchange transactions has been made for all balances outstanding based on the payment ratio over a 12 month period per service type. No further credit provision is required in excess of the provision for impairment.

5. Receivables from non-exchange transactions

Consumer receivables	5.1	80 796 290	67 552 539
Other receivables	5.2	2 664 064	2 599 901
Total		83 460 354	70 152 440
Current		83 460 354	70 152 440

5.1 Consumer receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	3 178 890	(668 213)	2 510 677	2 254 682	(560 284)	1 694 398
Waste water	1 656 803	(739 584)	917 219	1 487 224	(737 098)	750 126
Water	2 814 899	(1 273 939)	1 540 960	2 366 894	(1 172 032)	1 194 862
Property rates	115 737 432	(39 909 998)	75 827 434	100 885 599	(36 972 446)	63 913 153
Total	123 388 024	(42 591 734)	80 796 290	106 994 399	(39 441 860)	67 552 539

Setsoto Local Municipality

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5. Receivables from non-exchange transactions (continued)

5.1.1 Ageing of consumer receivables

2025

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	2 510 677	1 641 393	66 642	77 389	61 898	663 355
Waste water	917 219	169 572	23 479	26 167	21 829	676 172
Water	1 540 960	307 409	40 685	45 690	38 427	1 108 749
Property rates	75 827 434	6 063 184	1 953 168	1 861 839	1 728 766	64 220 477
Total	80 796 290	8 181 558	2 083 974	2 011 085	1 850 920	66 668 753

2024

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	1 694 398	1 399 891	10 917	9 821	9 477	264 292
Waste water	750 126	192 533	16 808	16 329	15 876	508 580
Water	1 194 862	354 435	28 442	27 741	27 043	757 201
Property rates	63 913 153	5 767 058	1 854 158	1 718 258	1 621 193	52 952 486
Total	67 552 539	7 713 917	1 910 325	1 772 149	1 673 589	54 482 559

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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5. Receivables from non-exchange transactions (continued)

5.1.2 Impairment reconciliation of consumer receivables

	2025			2024		
	Opening balance	Impairment raised / (reversed)	Closing balance	Opening balance	Impairment raised / (reversed)	Closing balance
Electricity	560 283	107 930	668 213	462 667	97 617	560 284
Waste water	737 099	2 485	739 584	651 985	85 113	737 098
Water	1 172 031	101 908	1 273 939	1 207 229	(35 197)	1 172 032
Property rates	36 972 445	2 937 553	39 909 998	32 593 174	4 379 272	36 972 446
Total	39 441 858	3 149 876	42 591 734	34 915 055	4 526 805	39 441 860

Setsoto Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

5. Receivables from non-exchange transactions (continued)

5.1.3 Ageing of impaired consumer receivables

2025

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	668 213	436 855	17 737	20 597	16 474	176 550
Waste water	739 584	136 732	18 932	21 099	17 602	545 219
Water	1 273 939	254 141	33 635	37 773	31 768	916 622
Property rates	39 909 998	3 191 215	1 028 004	979 935	909 896	33 800 948
Total	42 591 734	4 018 943	1 098 308	1 059 404	975 740	35 439 339

2024

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	560 284	42 745	19 184	17 258	16 654	464 443
Waste water	737 098	48 993	20 742	20 151	19 592	627 620
Water	1 172 032	82 783	36 863	35 954	35 049	981 383
Property rates	36 972 446	3 336 124	1 072 592	993 977	937 827	30 631 926
Total	39 441 860	3 510 645	1 149 381	1 067 340	1 009 122	32 705 372

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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5. Receivables from non-exchange transactions (continued)

5.1.4 Consumer receivables past due not impaired

2025

	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	520 896	520 896	-	-	-	-
Waste water	71 994	71 994	-	-	-	-
Water	122 565	122 565	-	-	-	-
Property rates	9 891 816	2 763 610	10	10	10	7 128 176
Total	10 607 271	3 479 065	10	10	10	7 128 176

2024

	Total	30 days	60 days	90 days	120 days	120+ days
Waste water	82	82	-	-	-	-
Property rates	5 085 641	382 226	-	-	-	4 703 415
Total	5 085 723	382 308	-	-	-	4 703 415

5.1.5 Consumer receivables pledged as security

No receivables from non-exchange transactions were pledged as security.

5.1.6 Fair value of receivables from non-exchange transactions

In determining the recoverability of receivables from non-exchange transactions, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of receivables from non-exchange transactions has been made for all balances outstanding based on the payment ratio over a 12 month period per service type. No further credit provision is required in excess of the provision for impairment.

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Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

5.2 Other receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Accrued income	2 100 000	-	2 100 000	2 100 000	-	2 100 000
Fines	3 195 526	(2 631 462)	564 064	2 518 011	(2 018 110)	499 901
Total	5 295 526	(2 631 462)	2 664 064	4 618 011	(2 018 110)	2 599 901

5.2.1 Ageing of other receivables

2025

	Past due	
	Total	120+ days
Accrued income	2 100 000	2 100 000
Fines	564 064	564 064
Total	2 664 064	2 664 064

2024

	Past due	
	Total	120+ days
Accrued income	2 100 000	2 100 000
Fines	499 901	499 901
Total	2 599 901	2 599 901

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Figures in Rand

5. Receivables from non-exchange transactions (continued)

5.2.2 Impairment reconciliation of other receivables

	2025			2024		
	Opening balance	Impairment raised	Closing balance	Opening balance	Impairment raised	Closing balance
Fines	2 018 109	613 353	2 631 462	1 449 152	568 958	2 018 110

5.2.3 Ageing of impaired other receivables

2025

	Past due	
	Total	120+ days
Fines	2 631 462	2 631 462

2024

	Past due	
	Total	120+ days
Fines	2 018 110	2 018 110

5.2.4 Other receivables pledged as security

No other receivables from non-exchange transactions were pledged as security.

Setsoto Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

5.2.5 Credit quality of other receivables

The average credit period for other receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate +1% per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of other receivables.

The management of the municipality is of the opinion that the carrying value of other receivables approximate their fair values.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Statutory receivables

Statutory receivables included in receivables from non-exchange transactions:

Property rates	75 827 434	63 913 153
Availability charges - electricity	2 510 677	1 694 398
Availability charges - waste water management	917 219	750 126
Availability charges - water	1 540 960	1 194 862
Traffic fines	564 064	499 901
	81 360 354	68 052 440

Statutory receivables included on the face of the Statement of Financial Position:

VAT receivable - VAT Control	4 214 968	2 671 130

Property rates

Property rates receivables are statutory receivables and arise from property taxes levied on property owners based on the valuation of properties per the valuation roll in accordance with the Municipal Property Rates Act, No 6 of 2004 and Setsoto Local Municipality's Property Rates Policy. A general valuation is performed every five years, with supplementary valuations in between.

The average credit period for property rates receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate +1% per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of property rates receivables.

The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Availability charges on water, electricity and waste water management

Availability charges on water, electricity and waste water management receivables are statutory receivables and arise from basic charges levied on vacant properties in accordance with the relevant bylaws of the Setsoto Local Municipality.

The average credit period for availability charges on water, electricity and waste water management is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate +1% per annum on the outstanding balance. The municipality strictly enforces its approved credit policy to ensure the recovery of availability charges on water, electricity and waste water management receivables.

The management of the municipality is of the opinion that the carrying value of availability charges on water, electricity and waste water management receivables approximate their fair values.

The impairment provision was calculated after individually assessing availability charges on water, electricity and waste water management receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of availability charges on water, electricity and waste water management debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Setsotho Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

VAT

VAT is statutory receivables as VAT is paid and received as required by the Value Added Tax Act No 89 of 1991 (VAT Act). VAT is applied to all relevant goods or services as stated in the VAT Act and the amount thereof is determined in terms of the VAT Act.

VAT is submitted and paid on a monthly basis thus no interest is charged on outstanding VAT amounts. VAT receivable from SARS is not impaired as the South African Revenue Services has sufficient funds to pay any outstanding amounts. Refer to note 6 for balances regarding VAT.

Traffic fines

Traffic fines receivables are statutory receivables and arise from traffic infringements committed and fines issued as a result, in terms of the Criminal Procedure Act, No 501 of 1977.

The Traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of Traffic fines receivables approximate their fair values.

The impairment provision was calculated after collectively assessing Traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

6. VAT Receivable

Input Accrual	1 366 531	1 055 807
Input VAT General	4 557 117	5 424 747
VAT Control	4 214 968	2 671 130
Total	10 138 616	9 151 684

The municipality is registered on the payment basis, VAT is received from the South African Revenue Service (SARS) only once payment is made to creditors.

For statutory receivable information regarding VAT, refer to note 5.

7. Deposits

Deposits	4 711 362	3 968 525

Deposits consist of:

Fuel deposits	250 000	250 000
Eskom deposits	4 234 692	3 491 855
Sundry	226 670	226 670
	4 711 362	3 968 525

Setso Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand		2025	2024
8. Inventory			
Consumables		4 960 256	3 010 875
Water	8.1	228 644	214 374
Total Inventories		5 188 900	3 225 249

R 5 188 900 (2024: R 3 225 249) of total inventory was carried at fair value less cost to sell.

8.1 Water

Summary

Opening balance	214 374	92 287
System input volume	14 270	122 087
Closing balance	228 644	214 374

8.2 Inventory pledged as security

No inventory was pledged as security during the current financial year.

9. Other current assets

Control, clearing and interface accounts	319 745	324 473

10. Other financial assets

10.1 Carrying value of investments

2025

	Fair value	Amortised cost	Total
Carrying value as at 30 June 2025			
Guaranteed endowment policies (sinking)	-	963 936	963 936
Listed/unlisted bonds and stocks	3 418 709	-	3 418 709
Negotiable certificate of deposits: Banks	-	813 744	813 744
Net investment	3 418 709	1 777 680	5 196 389
Total	3 418 709	1 777 680	5 196 389

2024

	Fair value	Amortised cost	Total
Carrying value as at 30 June 2024			
Guaranteed endowment policies (sinking)	-	887 521	887 521
Listed/unlisted bonds and stocks	3 070 123	-	3 070 123
Negotiable certificate of deposits: Banks	-	765 689	765 689
Net investment	3 070 123	1 653 210	4 723 333
Total	3 070 123	1 653 210	4 723 333

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 has the following levels:

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Figures in Rand	2025	2024
10. Other financial assets (continued)		
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 1		
Sanlam	1 277 824	1 166 138
As at 30 June 2025 the Sanlam share value was: R88.67 (2024 R80.92).		
Level 3		
OVK	2 140 885	1 903 985
Total listed/unlisted bonds and stocks	3 418 709	3 070 123
As at 30 June 2025 the OVK share value was as follows:		
OVK holdings: R23.00 (2024: R20.50).		
OVK operations: R27.32 (2024: R24.25).		
Financial assets at amortised cost		
Class 1		
Sanlam negotiable certificate of deposit	813 744	765 689
Sanlam endowment policies	963 936	887 521
	1 777 680	1 653 210

Setsoto Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
11. Investment property		
11.1 Reconciliation of carrying value		
Opening carrying value		
Cost	109 387 037	113 113 963
Accumulated depreciation and impairment losses	(37 495 729)	(44 226 452)
	71 891 308	68 887 511
Depreciation	38 (709 477)	(918 152)
Carrying value of disposals / transfers		
Cost	(1 431 000)	(3 726 927)
Accumulated depreciation and impairment losses	-	2 808 729
	(1 431 000)	(918 198)
Impairment loss / reversal of impairment loss	38 (30 415)	4 840 149
Closing carrying value	69 720 416	71 891 310
Summary		
Cost	107 956 037	109 387 036
Accumulated depreciation and impairment losses	(38 235 621)	(37 495 726)
	69 720 416	71 891 310

A register containing the information required by section 63 of the Municipal Finance Act is available for inspection at the registered office of the municipality.

11.2 Investment property pledged as security

No investment property was pledged as security for the current or prior financial year.

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment

12.1 Reconciliation of carrying value

2025

	Land	Infrastructure assets	Community assets and buildings	Machinery and equipment	Transport assets	Other assets	Total
Opening carrying value at 01 July 2024							
Cost	52 200 480	5 060 910 567	397 358 289	4 922 016	74 330 828	16 701 084	5 606 423 264
Cost – Construction work-in-progress	-	352 586 523	179 740	-	-	-	352 766 263
Accumulated depreciation	-	(3 086 621 641)	(196 999 961)	(3 398 790)	(41 462 011)	(13 256 230)	(3 341 738 633)
Accumulated impairment losses	-	(86 923 259)	(23 038 154)	(5 022)	(1 758 238)	(50 840)	(111 775 513)
	52 200 480	2 239 952 190	177 499 914	1 518 204	31 110 579	3 394 014	2 505 675 381
Additions from acquisitions	-	166 960 102	3 031 110	483 894	9 638 001	1 400 455	181 513 562
Capitalised costs (including work-in-progress)	-	164 631 222	2 850 670	-	-	-	167 481 892
Transfers – Construction work-in-progress	-	(164 744 958)	(3 030 410)	-	-	-	(167 775 368)
Decommissioning and restoration	-	(6 456 345)	-	-	-	-	(6 456 345)
Depreciation	38	(113 224 896)	(11 845 344)	(369 167)	(2 867 619)	(918 044)	(129 225 070)
	-	47 165 125	(8 993 974)	114 727	6 770 382	482 411	45 538 671
Carrying value of disposals / transfers							
Cost – disposals	-	(14 828 654)	-	-	(607 419)	(91 165)	(15 527 238)
Accumulated depreciation – disposals	-	7 829 906	-	-	313 508	70 436	8 213 850
Impairment losses – disposals/transfers	-	684 430	-	-	-	25	684 455
	-	(6 314 318)	-	-	(293 911)	(20 704)	(6 628 933)
Impairment loss / reversal of impairment loss	38	(4 820 565)	(5 223 332)	(115)	(237 026)	(193)	(10 281 231)
Closing carrying value at 30 June 2025	52 200 480	2 275 982 432	163 282 608	1 632 816	37 350 024	3 855 528	2 534 303 888

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Summary

Cost	52 200 480	5 206 585 670	400 389 399	5 405 910	83 361 410	18 010 374	5 765 953 243
Cost – Construction work-in-progress	-	352 472 787	-	-	-	-	352 472 787
Accumulated depreciation	-	(3 192 016 631)	(208 845 306)	(3 767 957)	(44 016 122)	(14 103 838)	(3 462 749 854)
Accumulated impairment losses	-	(91 059 394)	(28 261 485)	(5 137)	(1 995 264)	(51 008)	(121 372 288)
Closing carrying value at 30 June 2025	52 200 480	2 275 982 432	163 282 608	1 632 816	37 350 024	3 855 528	2 534 303 888

The remaining useful lives of all assets were adjusted during 2025, and was treated as a change in accounting estimate (refer to note 50). All changes in accounting estimates are applied prospectively, accordingly no prior year adjustments were made.

Setsoto Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

2024

		Land	Infrastructure assets	Community assets and buildings	Machinery and equipment	Transport assets	Other assets	Total
Opening carrying value at 01 July 2023								
Cost		52 200 480	5 001 369 311	417 178 083	3 893 445	57 333 489	15 795 168	5 547 769 976
Cost – Construction work-in-progress		-	248 584 067	-	-	-	-	248 584 067
Accumulated depreciation		-	(2 986 138 295)	(193 114 699)	(3 321 959)	(39 942 209)	(12 825 949)	(3 235 343 111)
Accumulated impairment losses		-	(67 555 482)	(28 567 657)	-	(547 294)	-	(96 670 433)
		52 200 480	2 196 259 601	195 495 727	571 486	16 843 986	2 969 219	2 464 340 499
Additions from acquisitions		-	108 033 351	-	1 195 559	17 051 644	1 223 115	127 503 669
Capitalised costs (including work-in-progress)		-	206 720 944	179 741	-	-	-	206 900 685
Transfers – Construction work-in-progress		-	(102 718 489)	-	-	-	-	(102 718 489)
Decommissioning and restoration		-	3 165 564	-	-	-	-	3 165 564
Depreciation	38	-	(126 019 051)	(14 130 047)	(223 271)	(1 573 946)	(720 958)	(142 667 273)
		-	89 182 319	(13 950 306)	972 288	15 477 698	502 157	92 184 156
Carrying value of disposals / transfers								
Cost – disposals		-	(51 657 660)	(19 819 794)	(166 987)	(54 305)	(317 204)	(72 015 950)
Accumulated depreciation – disposals		-	25 535 709	10 244 787	146 439	54 144	290 677	36 271 756
Impairment losses – disposals/transfers		-	1 796 278	739 344	-	130	-	2 535 752
		-	(24 325 673)	(8 835 663)	(20 548)	(31)	(26 527)	(33 208 442)
Impairment loss / reversal of impairment loss	38	-	(21 164 053)	4 790 159	(5 022)	(1 211 074)	(50 840)	(17 640 830)
Closing carrying value as at 30 June 2024		52 200 480	2 239 952 194	177 499 917	1 518 204	31 110 579	3 394 009	2 505 675 383

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Summary

Cost	52 200 480	5 060 910	566 397 358 289	4 922 017	74 330 828	16 701 079	5 606 423	259
Cost – Construction work-in-progress	-	352 586	522 179 741	-	-	-	352 766	263
Accumulated depreciation	-	(3 086 621)	637 (196 999 959)	(3 398 791)	(41 462 011)	(13 256 230)	(3 341 738)	628
Accumulated impairment losses	-	(86 923 257)	(23 038 154)	(5 022)	(1 758 238)	(50 840)	(111 775)	511
Closing carrying value as at 30 June 2024	52 200 480	2 239 952	194 177 499 917	1 518 204	31 110 579	3 394 009	2 505 675	383

The prior year comparatives have been restated, please refer to note 58 for more detail information.

A register containing all information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
12. Property, plant and equipment (continued)		
12.2 Carrying value of property, plant and equipment that is taking a significantly longer than expected period of time to complete / halted		
Ficksburg / Meqheleng Rehabilitation of 1.5km Surfaced Roads and Storm Water Drainage The municipality had terminated the contract with the appointed contractor due to poor performance, and the progress achieved as at termination was 11,4% and the project duration was 6 months, starting in May to June 2024.	7 019 962	4 792 645
Upgrading of the Van Soelen Outfall sewer pipeline and related works in Meqheleng (Phase 2) The project stalled due to dispute between the contractor and the consultant and further by non-compliance of Professional Service Providers. The municipality has implemented the dispute resolution according to the General Conditions of Contracts (GCC 2015).	21 205 934	20 891 117
Installation of the prepaid electrical meters The project has been delayed due to inaccessible households and the shortage of electrical meters to be installed. The project was brought back on track during the 2021/2022 financial year and was completed during the 2024/2025 financial year.	66 977 764	60 727 435
Construction of 400mm diameter pipeline from Cyferfontein to WTW (Senekal) The project suffered delays due to the late delivery of the materials as a result of the COVID backlog from the suppliers. This project was completed during the 2023/2024 financial year.	-	64 425 419
Repair of Dam Wall Laaispruit, Marquard (Turnkey) The contractors performance was not satisfactory and therefore terminated. While in the process of appointing a new contractor, a storm damaged the wall further which then required new designs and specifications.	3 163 611	1 837 525
Installation of the Internal Water and Sewer Reticulation Network in Senekal/ Matwabeng The municipality has formally terminated its contract with MNT Consulting. This action has been taken due to unsatisfactory performance and the contractor's failure to comply with directives issued by the consulting team, specifically regarding the submission of a remedial or recovery plan after the project fell behind schedule for a duration of three months.	37 168 014	28 975 519
Total	135 535 285	181 649 660
12.3 Property, plant and equipment pledged as security		
The following assets were pledged as security:		
Carrying value of property, plant and equipment pledged as security		
Transport Assets	12 029 871	12 819 597
12.4 Maintenance of property, plant and equipment		
The following maintenance costs were incurred:		
Community assets	622 403	305 512
Other assets	12 843 920	13 584 255
	13 466 323	13 889 767

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13. Heritage assets

13.1 Reconciliation of carrying value

2025

	Historical buildings	Municipal jewellery	Total
Opening carrying value as at 01 July 2024			
Cost	11 220 550	879 150	12 099 700
Accumulated impairment losses	(5 050)	-	(5 050)
	11 215 500	879 150	12 094 650

Summary

Cost	11 220 550	879 150	12 099 700
Accumulated impairment losses	(5 050)	-	(5 050)
	11 215 500	879 150	12 094 650

2024

	Historical buildings	Municipal jewellery	Total
Opening carrying value as at 01 July 2023			
Cost	11 220 550	879 150	12 099 700
Impairment loss / reversal of impairment losses	(5 050)	-	(5 050)
Closing carrying value as at 30 June 2024	11 215 500	879 150	12 094 650

Summary

Cost	11 220 550	879 150	12 099 700
Accumulated impairment losses	(5 050)	-	(5 050)
	11 215 500	879 150	12 094 650

13.2 Heritage assets pledged as security

No heritage assets were pledged as security for the current or prior financial year.

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14. Intangible assets

14.1 Reconciliation of carrying value

2025

	Computer software	Total
Opening carrying value as at 01 July 2024		
Cost	4 433 321	4 433 321
Accumulated depreciation and impairment	(4 338 121)	(4 338 121)
	95 200	95 200
Amortisation	(35 543)	(35 543)
Closing carrying value as at 30 June 2025	59 657	59 657

Summary

Cost	4 433 321	4 433 321
Accumulated amortisation and impairment	(4 373 664)	(4 373 664)
	59 657	59 657

2024

	Computer software	Total
Opening carrying value as at 01 July 2023		
Cost	4 433 321	4 433 321
Accumulated depreciation and impairment	(4 299 871)	(4 299 871)
	133 450	133 450
Amortisation	(38 250)	(38 250)
Closing carrying value as at 30 June 2024	95 200	95 200

Summary

Cost	4 433 321	4 433 321
Accumulated amortisation and impairment	(4 338 121)	(4 338 121)
	95 200	95 200

14.2 Intangible assets pledged as security

No intangible assets were pledged as security for the current or prior financial year.

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Figures in Rand		2025	2024
15. Financial liabilities			
Annuity loans		-	445 218
Finance lease liabilities	15.1	12 499 189	14 602 147
Sub-total		12 499 189	15 047 365
Less: Transferred to current liabilities		(2 582 219)	(2 709 387)
Total non-current liabilities		9 916 970	12 337 978

Refer to Appendix 'A' for more detail on financial liabilities.

15.1 Obligation under finance leases

The municipality as lessee

The obligations under finance leases are as follow:

Minimum lease payments

Payable within 1 year	3 774 159	3 636 648
Payable within 2 to 5 years	11 660 530	15 134 729
Total minimum lease payments	15 434 689	18 771 377
Less: Future finance charges	(2 935 500)	(4 169 230)
Total	12 499 189	14 602 147

Present value of minimum lease payments

Payable within 1 year	2 582 218	2 264 169
Payable within 2 to 5 years	9 916 971	12 337 978
Total	12 499 189	14 602 147

Current liability	2 582 219	2 264 169
Non-current liability	9 916 970	12 337 978

Refer to Appendix 'A' for more detail on finance leases.

It is the municipality's policy to lease certain vehicles and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 10.51%.

Interest rates are fixed at the contract date. All leases have fixed repayments.

The municipality's obligations under finance leases are secured by the lessor's charge over the leases assets.

16. Consumer deposits

Electricity	2 792 147	2 741 898
Rental properties	253 829	263 009
Water	210 070	185 271
Total	3 256 046	3 190 178

Deposits are released on termination of the contract or when the contractual services are delivered.

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Figures in Rand		2025	2024
17. Payables from exchange transactions			
Bulk purchases	17.1	24 907 885	12 749 636
Contractors	17.2	29 047 758	22 000 859
Control and clearing accounts	17.3	9 761 062	6 022 611
Employee benefits	17.4	34 558 291	31 732 145
Other payables	17.5	35 159 434	50 818 633
Statutory payables	17.6	6 517 677	4 133 609
Total		139 952 107	127 457 493
17.1 Bulk purchases			
Bulk electricity		24 907 885	12 749 636
17.2 Contractors			
Retentions		29 047 758	22 000 859
17.3 Control and clearing accounts			
Medical aid control		3 047 950	-
Pension control		3 180 133	3 033 603
Prepaid electricity		2 715 402	2 421 397
Salary control		599 358	349 429
UIF control		218 219	218 182
Total		9 761 062	6 022 611
17.4 Employee benefits			
Bonus - 13th Cheque		5 524 372	5 275 798
Leave accrual		29 033 919	26 456 347
Total		34 558 291	31 732 145
17.5 Other payables			
Auditor-General of South Africa		490 028	89 549
Payables and accruals		21 569 852	39 036 995
Unallocated deposits		2 041 367	902 037
Payments received in advance - consumer deposits		11 058 187	10 790 052
Total		35 159 434	50 818 633
17.6 Statutory payables			
Compensation commission (COID)		3 632 937	1 613 189
PAYE deductions		2 884 740	2 520 420
Total		6 517 677	4 133 609

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18. Unspent grants

		2025					2024				
		Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance
Capital											
Monetary Allocations	18.1	21 039 008	205 044 766	(205 400 214)	(7 183 000)	13 500 560	40 023 280	216 757 716	(209 219 269)	(26 522 720)	21 039 007
Operational											
Allocations In-kind	18.2	-	2 625 545	(2 625 545)	-	-	-	-	-	-	-
Monetary Allocations	18.3	-	4 432 613	(4 432 613)	-	-	-	4 357 297	(4 357 297)	-	-
Total		21 039 008	212 102 924	(212 458 372)	(7 183 000)	13 500 560	40 023 280	221 115 013	(213 576 566)	(26 522 720)	21 039 007

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18. Unspent grants (continued)

18.1 Unspent capital monetary allocations

	2025					2024				
	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance
National Government										
Municipal Infrastructure Grant	7 183 402	44 320 000	(44 320 402)	(7 183 000)	-	-	52 278 000	(45 094 598)	-	7 183 402
Regional Bulk Infrastructure Grant (Includes RBIG COVID)	13 500 560	123 951 000	(123 951 000)	-	13 500 560	33 074 233	115 000 000	(115 000 000)	(19 573 673)	13 500 560
Water Services Infrastructure Grant (Includes WSIG6B)	355 046	36 773 766	(37 128 812)	-	-	6 949 047	49 479 716	(49 124 671)	(6 949 047)	355 045
Total	21 039 008	205 044 766	(205 400 214)	(7 183 000)	13 500 560	40 023 280	216 757 716	(209 219 269)	(26 522 720)	21 039 007

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Unspent grants (continued)

18.2 Unspent operational allocations in-kind

Provincial Government

Free State

2025		2024	
Funds received	Transfer to revenue	Funds received	Transfer to revenue
2 625 545	(2 625 545)	-	-

18.3 Unspent operational monetary allocations

Departmental Agencies and Accounts

National departmental agencies - SETA

National Government

Expanded Public Works Programme Integrated Grant

Local Government Financial Management Grant

Total

Total unspent operational monetary allocations

2025		2024	
Funds received	Transfer to revenue	Funds received	Transfer to revenue
438 613	(438 613)	407 297	(407 297)
1 994 000	(1 994 000)	1 750 000	(1 750 000)
2 000 000	(2 000 000)	2 200 000	(2 200 000)
3 994 000	(3 994 000)	3 950 000	(3 950 000)
4 432 613	(4 432 613)	4 357 297	(4 357 297)

Refer to note 33 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

19. Provisions and other employee liabilities

Landfill Sites

Employee benefits : Long-service awards

Total

19.1	31 020 453	34 733 877
19.2	19 343 812	18 486 289
	50 364 265	53 220 166

Split between current and non-current

Current

Non-current

Total

2 387 514	1 907 322
47 976 751	51 312 844
50 364 265	53 220 166

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Figures in Rand	2025	2024

19. Provisions and other employee liabilities (continued)

19.1 Landfill Sites

Opening Balance	34 733 877	28 324 805
Increases (Passage of Time/Discounted Rate)	2 742 921	3 243 508
Change in provision	(6 456 345)	3 165 564
Closing balance	31 020 453	34 733 877

Split between current and non-current

Non-current	31 020 453	34 733 877

In terms of the Mineral and Petroleum Resources Development Act, 2002 (No 28 of 2002), it is required from the municipality to execute the environmental management program to restore the landfill sites at Ficksburg, Clocolan, Marquard and Senekal.

Provision has been made for this cost based on actual cost calculations received from Consulting Engineers. The value of the provision is based on the expected future cost to rehabilitate the various sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The following assumptions were used to calculate the provision:

- Discount rate 9.70% (2024: 10.30%)
- Inflation rate 2.80% (2024: 5.1%)

Each of the landfill sites has different adjusted remaining lifespans (RUL) as follows:

- Ficksburg - 7 years (2024: 8 years)
- Senekal - 7 years (2024: 7 years)
- Marquard - 1 year (2024: 1 year)
- Clocolan - 1 year (2024: 1 year)

The total landfill site area per site is as follows:

- Ficksburg - 60 000 m2
- Senekal - 60 000 m2
- Clocolan - 143 000 m2
- Marquard - 68 000 m2

Rehabilitation cost per location

Location	Proposed rehabilitation date	Post closure monitoring date		
Ficksburg	2031/2032	2062/2063	3 035 746	3 374 560
Senekal	2031/2032	2062/2063	2 668 941	3 133 796
Clocolan	2025/2026	2055/2056	17 213 912	19 023 773
Marquard	2025/2026	2055/2056	8 101 854	9 201 748
			31 020 453	34 733 877

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Figures in Rand	2025	2024
19. Provisions and other employee liabilities (continued)		
19.2 Employee benefits		
Long-service awards	19.2.1 19 343 812	18 486 289
Split between current and non-current		
Current	2 387 514	1 907 322
Non-current	16 956 298	16 578 967
Total	19 343 812	18 486 289
19.2.1 Long-service awards		
Opening Balance	18 486 289	13 612 558
Service cost	(63 188)	(487 233)
Net interest expense	1 802 354	1 331 320
Re-measurements	(881 643)	4 029 644
Total	19 343 812	18 486 289
Split between current and non-current		
Current	2 387 514	1 907 322
Non-current	16 956 298	16 578 967
Total	19 343 812	18 486 289
Net benefit expense		
Current service cost	1 537 496	1 188 320
Interest	1 802 354	1 331 320
Re-measurements	(881 643)	4 029 644
	2 458 207	6 549 284
An actuarial valuation of the liability in respect of the long service awards was performed by an independent company.		
The primary purpose of this valuation is to enable the municipality to comply with the requirements of GRAP 25. The liability amounts are calculated in accordance with GRAP 25 and can therefore be used in the compilation of the Annual Financial Statements of the Municipality.		
A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in the future.		
Analysis of re-measurements for the period:		
Financial assumptions:		
Change in discount rate	(113 723)	(229 363)
Salary changes	(61 489)	316 053
Benefit structure changes	-	3 800 193
Demographic assumptions:		
Staff changes	(407 981)	(188 734)
Other changes	(298 450)	-
Experience:		
Miscellaneous	-	331 495
	(881 643)	4 029 644

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Figures in Rand	2025	2024

19. Provisions and other employee liabilities (continued)

Membership data

Number of current employees	590	610

In estimating the unfunded liability for Long Service Award of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It is difficult to predict future investment returns and earnings inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the Long Service Awards arrangement - this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and Current-Service costs are recognised over time.

The key financial and demographic assumptions are summarised below.

Financial variables:

Discount rate	9.07 %	10.28 %
CPI (Consumer price inflation)	3.49 %	4.77 %
Normal salary increase rate	4.49 %	5.77 %
Net effective discount rate	4.38 %	4.26 %

Discount Rate:

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the statement of financial position date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The method of setting financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2024 the duration of liabilities was 5.49 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 9.07% per annum, and the yield on inflation-linked bonds of a similar term was about 4.91% per annum. This implies an underlying expectation of inflation of 3.49% per annum $([1 + 9.07\% - 0.5\%] / [1 + 4.91\%] - 1)$.

Earnings Inflation Rate:

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the Long Service Awards are based on an employee's earnings at the date of the award.

General Earnings Inflation:

It was assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 4.49% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that is important, rather than the nominal values. A net discount factor of 4.38% per annum $([1 + 9.07\%] / [1 + 4.49\%] - 1)$ was assumed.

Demographic Assumptions:

Demographic assumptions are required about the future characteristics of current employees who are eligible for Long Service Awards.

Average Retirement Age:

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of all ill-health and early retirement. Employees who have passed the assumed retirement age, have been assumed to retire at their next birthday.

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19. Provisions and other employee liabilities (continued)

Pre-retirement Mortality:

SA85-90.

Withdrawal from Service:

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below:

	Withdrawal rate females	Withdrawal rate males
20	9 %	9 %
25	8 %	8 %
30	6 %	6 %
35	5 %	5 %
40	5 %	5 %
45	4 %	4 %
50	3 %	3 %
55+	0 %	0 %

Plan Assets:

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the LSA liability.

Sensitivity analysis

Salary increase rate:

The valuation bases assume that the salary inflation rate will be 4.49% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the salary inflation rates is as follows:

	1% Decrease R's	30 June 2025 Valuation basis R's	1% Increase R's	Decrease % change	Increase % change
Employer's accrued liability	18 334 343	19 343 812	20 439 780	(5.22)%	5.67 %
Employer's service cost	1 462 727	1 549 681	1 644 812	(5.61)%	6.14 %
Employer's interest cost	1 555 083	1 646 210	1 745 183	(5.54)%	6.01 %

Average retirement age:

The table that follows show the impact of a change in the retirement age by 2 years upwards and downwards:

	30 June 2025 Valuation basis- 2 R's	30 June 2025 Valuation basis R's	30 June 2025 Valuation basis+2 R's	Decrease % change	Increase % change
Employer's accrued liability	17 457 908	19 343 812	21 617 474	(9.75)%	11.75 %
Employer's service cost	1 430 079	1 549 681	1 685 359	(7.72)%	8.76 %
Employer's interest cost	1 476 905	1 646 210	1 848 148	(10.28)%	12.27 %

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19. Provisions and other employee liabilities (continued)

Discount rate:

The table that follows shows the impact of a change in the discount rate assumption. The effect of a 1% increase and decrease in the discount rates is as follows:

	1% Decrease R's	30 June 2025 Valuation basis R's	1% Increase R's	Decrease % change	Increase % change
Employer's accrued liability	20 401 993	19 343 812	18 383 573	5.47 %	(4.96)%
Employer's service cost	1 641 520	1 549 681	1 466 953	5.93 %	(5.34)%
Employer's interest cost	1 549 734	1 646 210	1 731 470	(5.86)%	5.18 %

Defined benefit plan

The municipality provides retirement benefits for its employees and councillors. Benefits are provided via defined contribution plans and defined benefit plans as listed below and which are administrated by various pension, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1956 (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 specified contributions.

Sufficient information was not available to use defined benefit accounting for the funds and it was accounted for as defined contribution plans due to the following reasons:

- 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 are compiled for all the funds and not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The following are defined benefit plans:

- Free State Municipal Pension Fund
- South African Local Authorities Pension Fund

Defined contribution plan

The following are defined contribution plans:

- Free State Municipal Provident Fund
- South African Local Authorities Provident Fund
- National Fund for Municipal Workers

These are not treated as a defined benefit plan as defined by GRAP 25, but as a defined contribution plan. These funds are multi-employer plans and actuarial valuations done by actuaries could not be provided due to lack of information. According to the actuaries, it is not possible to report each municipality separately, thus it has been classified as a contribution plan.

Some employees belong to the SALA Pension Fund. The latest actuarial valuation of the funds was on 1 July 2010. These valuations indicate that the funds are in sound financial position. The estimated liabilities of the fund are R 7 418 million (2009: R 6 568 million) which is adequately financed by assets of R 7 110 million (2009: R 6 304 million). The actuarial valuations states that the fund is currently 96% funded by employer contributions. If the current employer contribution rate is maintained the fund is expected to be close to 100% funded at the next statutory valuation.

A few employees belong to the Free State Municipal Pension Fund. The latest actuarial valuations of the fund were on 30 June 2015. These valuations indicate that the fund is in a sound financial position. The estimated liabilities of the fund are R1 308 million which is adequately financed by assets of R 1 531 million. The actuarial valuation determined that the retirement plan was in a sound financial position.

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19. Provisions and other employee liabilities (continued)

Maturity analysis of long service awards

Financial year	Accrued liability	Expected long-service awards paid over the following financial year
30 June 2026	20 152 189	2 571 318
30 June 2027	20 564 486	4 070 247
30 June 2028	19 372 624	2 493 952
30 June 2029	19 772 445	2 345 787
30 June 2030	20 369 271	2 907 846

20. VAT Payable

Output VAT	33 266 906	44 553 875
Output VAT: Provision for doubtful debt impairment	(32 938 681)	(32 688 862)
Total	328 225	11 865 013

The municipality is registered on the payment basis, VAT is paid to the South African Revenue Service (SARS) only once payment is received from debtors.

21. Post-retirement health care benefit liability

21.1 Post-retirement health care benefit liability

Post-retirement medical aid liability

Present value of defined benefit obligation	21.1.1	55 082 953	53 065 308

21.1.1 Reconciliation of present value of the post-retirement health care benefit liability

	Post-employment medical benefits	Total
Defined benefit obligation at 01 July 2023		
Opening balance	57 041 403	57 041 403
Interest cost	7 131 925	7 131 925
Service cost	660 520	660 520
Re-measurements	(11 768 540)	(11 768 540)
Defined benefit obligation at 30 June 2024	53 065 308	53 065 308
Opening balance	53 065 308	53 065 308
Interest cost	6 601 393	6 601 393
Service cost	89 689	89 689
Re-measurements	(4 673 437)	(4 673 437)
Defined benefit obligation at 30 June 2025	55 082 953	55 082 953
Current	1 919 971	1 978 951
Non-current	53 162 982	51 086 357
Total	55 082 953	53 065 308

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21. Post-retirement health care benefit liability (continued)

21.1.2 Net benefit expense

	Post-employment medical benefits	Total
For the year ended 30 June 2024		
Current service costs	2 508 547	2 508 547
Interest cost on benefit obligation	7 131 925	7 131 925
Re-measurements	(11 768 540)	(11 768 540)
Total expense recognised in the statement of financial performance	(2 128 068)	(2 128 068)
For the year ended 30 June 2025		
Current service costs	2 170 885	2 170 885
Interest cost on benefit obligation	6 601 393	6 601 393
Re-measurements	(4 673 437)	(4 673 437)
Total expense recognised in the statement of financial performance	4 098 841	4 098 841

The post-retirement medical aid liability makes provision for post-retirement benefits to eligible councillors and employees.

The post-retirement medical plan is a defined benefit plan, of which the members are made up as follows:

Total members

In service (employees) members	509	515

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

Analysis of re-measurements for the period:

Financial assumptions:

Change in discount rate	(543 210)	(4 034 505)
Medical inflationary changes	(814 056)	(4 092 365)

Demographic assumptions:

Participant changes	(4 195 656)	(1 982 230)
Other demographic changes	879 485	-

Experience:

Miscellaneous		(1 659 440)
	(4 673 437)	(11 768 540)

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21. Post-retirement health care benefit liability (continued)

21.1.3 Key actuarial assumptions

The principal actuarial assumptions used in determining the present value of the defined benefit obligation for the pension and post-employment medical benefits include:

Discount rate	12.09 %	12.69 %
Consumer price inflation	6.02 %	6.67 %
Healthcare cost inflation rate	7.52 %	8.17 %
Net discount rate	4.25 %	4.18 %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

Discount rate:

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the statement of financial position date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The method of setting financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2024 the duration of liabilities was 12.97 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 12.09% per annum, and the yield on inflation-linked bonds of a similar term was about 5.25% per annum. This implies an underlying expectation of inflation of 6.02% per annum ($[1 + 12.09\% - 0.5\%] / [1 + 5.25\%] - 1$).

Eligible employees and continuation pensioners:

The table below illustrates the average total monthly medical contribution subsidies payable to continuation pensioners and active employees. The employees' contributions are those payable to the employees and their spouses in retirement, at the current rates:

	Average age 30 June 2025	Average employer monthly contribution 30 June 2025
Active employees on medical aid	46.92	3 217
Active employees not on medical aid	47.32	2 853
Continuation pensioners	71.42	4 071

Health care cost inflation rate:

A health care cost inflation rate of 7.52% (2024: 8.17%) has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability.

However, it is relative levels of the discount rate and healthcare inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 4.25% per annum ($[1 + 12.09\%] / [1 + 7.52\%] - 1$). This year's valuation basis is, therefore, stronger than the previous year's basis from a discount rate perspective.

Demographic assumptions:

A) Mortality during employment

SA 85-90, normal

B) Post-employment mortality

PA(90) table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010.

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21. Post-retirement health care benefit liability (continued)

Withdrawal from service:

If an non-service member leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of assumed rates is set out below:

Age	Withdrawal rate females	Withdrawal rate males
20	9 %	9 %
25	8 %	8 %
30	6 %	6 %
35	5 %	5 %
40	5 %	5 %
45	4 %	4 %
50	3 %	3 %
55+	0 %	0 %

Average retirement age:

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. In-service members who have passed the assumed retirement age, have been assumed to retire at their next birthday.

Continuation of membership:

It has been assumed that 75% of in-service members will remain on the municipality's health care arrangement should they stay until retirement.

Family profile:

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, we've assumed that 65% of eligible in-service members on a health care arrangement at retirement will have a spouse dependent on their medical aid. For current retiree members, actual medical aid dependents were used and the potential for remarriage was ignored.

Plan assets:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the municipality's post-employment health care liability.

21.1.4 Sensitivity analysis

A one percentage point change in the assumed rate of increase in healthcare inflation would have the following effects:

	Increase	Decrease
2024		
Effect on current service cost	2 626 531	1 804 561
Effect on current interest cost	7 566 126	5 762 267
Effect on the defined benefit obligation	60 673 805	46 446 785
2025		
Effect on current service cost	2 792 137	1 890 501
Effect on current interest cost	7 591 216	5 677 873
Effect on the defined benefit obligation	63 798 144	47 963 330

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21. Post-retirement health care benefit liability (continued)

A one percentage point change in the assumed discount rate would have the following effects:

	Increase	Decrease
2024		
Effect on current service cost	1 821 708	2 586 046
Effect on current interest cost	6 226 057	6 925 608
Effect on the defined benefit obligation	46 521 913	60 291 024
2025		
Effect on current service cost	1 925 431	2 748 544
Effect on current interest cost	6 200 393	6 917 448
Effect on the defined benefit obligation	48 372 111	63 379 683

The table below shows the impact (year following) of a change in the mortality assumption from PA(90) -1 to PA(90) with a two-year adjustment:

	30 June 2025 Valuation basis R's	PA (90) - 2 R's	Percentage change
Employer's accrued liability	55 082 953	56 778 065	3.08 %
Employer's service cost	2 288 216	2 358 849	3.09 %
Employer's interest cost	6 538 089	6 743 033	3.13 %

21.1.5 Maturity analysis

Defined benefit plan - Medical	Defined benefit obligation	Expected benefits payments - Ensuing financial year
30 June 2026	61 989 286	2 173 459
30 June 2027	64 211 022	2 441 591
30 June 2028	69 281 856	2 730 598
30 June 2029	75 516 956	3 489 995
30 June 2030	81 242 372	3 964 844

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Figures in Rand	2025	2024
22. Property rates		
Agricultural property	6 252 356	5 783 154
Business and commercial properties	23 322 582	22 547 238
State	19 247 203	19 260 584
Privately owned properties	24 783 408	23 903 840
Total	73 605 549	71 494 816

Valuation as at 30 June 2025

Small holdings and farm properties	5 109 845 441	5 120 495 441
Commercial	997 369 000	1 003 855 000
Municipal properties	1 055 684 000	1 058 039 000
Residential properties	2 757 646 000	2 752 855 000
Churches	82 615 000	80 655 000
State-owned properties	581 300 000	571 720 000
Total property valuations	10 584 459 441	10 587 619 441

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 01/07/2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.02 (2024: R0.02) is applied to property valuations to determine assessment rates of residential properties.

A general rate of R0.04 (2024: R0.04) is applied to property valuations to determine assessment rates of business properties.

Rebates of 41% (2024: 44%) are granted to the residential and state property owners and on farm properties 51% (2024: 55%).

Rates are levied on an annual basis with equal payments over twelve months. Interest at prime plus 1% per annum is levied on outstanding rates.

Property rates	86 081 108	82 107 735
Less: Income forgone	(12 475 559)	(10 612 919)
	73 605 549	71 494 816

23. Services charges

Electricity

Consumption – Services charges - Electricity	120 326 696	103 638 778

Water

Consumption – Services charges - Water	86 863 803	87 785 982
Less: Income forgone	(12 304 765)	(8 476 673)

Sub-total	74 559 038	79 309 309

Waste water management

Consumption – Services charges - Waste water management	43 040 718	41 916 241
Less: Income forgone	(9 216 328)	(6 346 888)

Sub-total	33 824 390	35 569 353

Waste management

Consumption – Services charges - Waste management	57 144 192	55 187 803
Less: Income forgone	(12 811 362)	(8 808 199)

Sub-total	44 332 830	46 379 604

Total	273 042 954	264 897 044

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Figures in Rand	2025	2024
24. Availability charges		
Electricity		
Availability charges	1 161 078	957 528
Waste water management		
Availability charges	538 177	512 298
Water management		
Availability charges	882 422	834 802
Total	2 581 677	2 304 628
25. Sales of goods and rendering of services		
Building Plan Approval	233 012	246 201
Camping Fees	11 877	9 380
Cemetery and Burial	942 256	993 525
Clearance Certificates	191 871	106 710
Encroachment Fees	-	553
Entrance Fees	-	1 326
Escort Fees	53 452	56 696
Photo copies, Faxes and Telephone charges	1 111	845
Sale of Goods	686 449	510 281
Scrap, Waste & Other Goods	-	129
Town Planning and Servitudes	50 766	11 730
Total	2 170 794	1 937 376
26. Rental on land		
Land	26.1 1 913 877	1 685 655
26.1 Land		
Undeveloped Land	1 913 877	1 685 655
27. Rental from facilities and equipment		
Rental from facilities and equipment	131 693	106 811
28. Interests on investments		
Interest earned on cash and bank	993 905	977 464
Interest on eskom deposit	196 446	228 802
Interest earned on short-term investments	8 861 617	11 387 550
Total	10 051 968	12 593 816
29. Interest earned from receivables		
Exchange receivables	29.1 54 979 243	52 572 847
Non-exchange receivables	29.2 10 172 697	9 513 107
Total	65 151 940	62 085 954

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
29. Interest earned from receivables (continued)		
29.1 Interest earned from exchange receivables		
Consumer receivables		
Electricity	2 700 566	2 522 401
Other	12 149 117	11 954 013
Waste management	13 300 116	11 667 918
Waste water management	9 788 751	8 600 451
Water	17 040 693	17 828 064
	54 979 243	52 572 847
29.2 Interest earned from non-exchange receivables		
Consumer receivables		
Property rates	9 802 358	9 149 202
Electricity	87 733	73 260
Water	168 503	184 329
Waste water management	114 103	106 316
Total	10 172 697	9 513 107
30. Dividends		
External investment	93 761	80 975
31. Fines, penalties and forfeits		
Fines	31.1 711 070	851 850
31.1 Fines		
Traffic fines		
Court fines	711 070	850 850
Other fines		
Pound fees	-	1 000
Total	711 070	851 850
32. Licences or permits		
Non-exchange revenue	32.1 126 943	89 843
32.1 Licenses and permits - Non-exchange revenue		
Trading	126 943	89 843

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
33. Transfers and subsidies		
Operational		
Monetary allocations	274 288 158	255 844 017
Capital		
Monetary allocations	205 400 214	209 219 269
Total	479 688 372	465 063 286
Monetary allocations: Operational		
Equitable Share	267 230 000	251 486 720
Expanded Public Works Programme Integrated Grant	1 994 000	1 750 000
Local Government Financial Management Grant	2 000 000	2 200 000
Local Government, Water and Related Service SETA	438 613	407 297
Provincial government	2 625 545	-
	274 288 158	255 844 017
Monetary allocations: Capital		
Municipal Infrastructure Grant	44 320 402	45 094 598
Water Services Infrastructure Grant	37 128 812	49 124 671
Regional Bulk Infrastructure Grant	123 951 000	115 000 000
	205 400 214	209 219 269
Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents received a monthly subsidy of R977 (2024: R886), which is funded from the grant.		
An amount of R7 183 000 was withheld from the equitable share.		
Expanded Public Works Programme Integrated Grant		
Current year receipts	1 994 000	1 750 000
Conditions met - transferred to revenue	(1 994 000)	(1 750 000)
	-	-
The grant is used for job creation projects in previous disadvantage areas.		
Local Government Financial Management Grant		
Current year receipts	2 000 000	2 200 000
Conditions met - transferred to revenue	(2 000 000)	(2 200 000)
	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
Local Government, Water and Related Service SETA		
Current year receipts	438 613	407 297
Conditions met - transferred to revenue	(438 613)	(407 297)
	-	-

SETA will ensure that the skill requirements sector is identified and that adequate and appropriate skills are readily given to staff of the Municipality.

Setso Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
33. Transfers and subsidies (continued)		
Municipal Infrastructure Grant		
Balance unspent at the beginning of the year	7 183 402	-
Current year receipts	44 320 000	52 278 000
Conditions met - transferred to revenue	(44 320 402)	(45 094 598)
Roll over withheld	(7 183 000)	-
	-	7 183 402

Conditions still to be met - remain liabilities (see note 18).

In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The municipality reports at year - end all unspent conditional grants were committed to identifiable projects.

The 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. The grants were used construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

Water Services Infrastructure Grant

Balance unspent at the beginning of the year	-	6 949 047
Current year receipts	7 000 000	14 173 000
Conditions met - transferred to revenue	(7 000 000)	(14 173 000)
Roll-over withheld	-	(6 949 047)
	-	-

This grant was used to address water loss control and assisting with water shortage in Clocolan, Marquard and Senekal during drought period.

Water Services Infrastructure Grant - 6B

Balance unspent at the beginning of the year	355 045	-
Current year receipts	29 773 767	35 306 716
Conditions met - transferred to revenue	(30 128 812)	(34 951 671)
	-	355 045

Conditions still to be met - remain liabilities (see note 18).

The grant amount is paid to the municipality when the supporting invoices are submitted to the department. No advance grant is received from the transferring department.

Regional Bulk Infrastructure Grant

Balance unspent at the beginning of the year	-	19 573 673
Current year receipts	123 951 000	115 000 000
Conditions met - transferred to revenue	(123 951 000)	(115 000 000)
Roll-over withheld	-	(19 573 673)
	-	-

The purpose of the grant is to assist the municipality in alleviating water availability and scarcity in the municipal area.

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Figures in Rand	2025	2024
33. Transfers and subsidies (continued)		
Regional Bulk Infrastructure Grant - COVID		
Balance unspent at the beginning of the year	13 500 560	13 500 560
Conditions still to be met - remain liabilities (see note 18).		
Provincial Government - Allocation in kind		
Current year receipts	2 625 545	-
Conditions met - transferred to revenue	(2 625 545)	-
	-	-
During the current financial year Provincial Treasury paid the Auditor-General of South Africa R2 625 545 on behalf of the municipality.		
34. Operational revenue		
Sundry income	1 006 255	1 901 019
Commission	371 087	470 808
Discounts and Early Settlements	5	-
Incidental cash surpluses	700	-
Insurance refund	768 078	21 063
Recovery Maintenance	784 251	-
Staff and Councillors Recoveries	6 455	-
Total	2 936 831	2 392 890
35. Fair value adjustments and gain/(loss) on disposal of assets		
Gains/(losses) on disposals	35.1 (7 667 510)	(33 884 291)
Fair value adjustment	35.2 348 585	565 497
Total	(7 318 925)	(33 318 794)
35.1 Gains/(losses) on disposals		
Investment property	(1 431 000)	(918 199)
Property, plant and equipment	(6 236 510)	(32 966 092)
Total	(7 667 510)	(33 884 291)
35.2 Fair value adjustment		
Investments	348 585	565 497
36. Employee related cost		
Senior management	36.1 6 110 264	5 592 751
Municipal staff	36.2 256 118 159	236 709 673
Total	262 228 423	242 302 424

Setsoto Local Municipality

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Figures in Rand

36. Employee related cost (continued)

36.1 Senior management costs

2025

	Municipal manager - Mrs FN Malatjie	Chief financial officer - Mr NL Moletsane	Director: Technical services - Mr DT Marotholi	Director: Corporate services - Mr TP Motsima	Director: Community services - Ms MAB Mosima	Total
Basic salary	1 053 614	1 063 751	1 137 874	611 164	497 224	4 363 627
Bonuses	-	74 123	-	76 505	-	150 628
Service-related benefits	-	-	-	400 034	-	400 034
Allowances	548 124	174 113	174 113	204 014	86 756	1 187 120
Unemployment insurance	2 125	2 125	2 125	1 417	1 063	8 855
	1 603 863	1 314 112	1 314 112	1 293 134	585 043	6 110 264

Director corporate services - contract ended 2025/02/28.

Director community services - appointed 2025/01/01.

The Director Technical Services, Mr DT Marotholi, was placed on special leave from October 2024 until 30 June 2025. During the year the following personnel acted as Director Technical Services:

- Mr SS Kunene for the period August 2024 - February 2025 - Acting allowance of R155 101
- Mr L Cita for the period March 2025 - June 2025 - Acting allowance of R42 884

During the year Me SZ Mihailescu acted as Director Corporate services for the period March 2025 - June 2025, she received an acting allowance of R42 884.

During the year the following personnel acted as Director Community Services:

- Mr TP Motsima for the period July 2024 - October 2024 - Acting allowance of R66 606
- Mr TM Sethole for the period November 2024 - December 2024 - Acting allowance of R65 271

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Figures in Rand

36. Employee related cost (continued)

2024

	Municipal manager - Mrs FN Malatjie	Chief financial officer - Mr NL Moletsane	Director: Technical services - Mr DT Marotholi	Director: Corporate services - Mr TP Motsima	Total
Basic salary	1 053 490	1 064 650	1 137 874	912 852	4 168 866
Bonuses	-	38 779	-	46 726	85 505
Service-related benefits	-	-	38 253	89 256	127 509
Allowances	548 124	174 113	174 113	306 021	1 202 371
Unemployment insurance	2 125	2 125	2 125	2 125	8 500
	1 603 739	1 279 667	1 352 365	1 356 980	5 592 751

During the year the following personnel acted as Director Community Services:

- Mr ME Fokane for the period July 2023 - Acting allowance of R33 378
- Mr DT Marotholi for the period August 2023 - October 2023 - Acting allowance of R38 253
- Mr TP Motsima for the period November 2023 - April 2024 and June 2024 - Acting allowance of R89 256

Included in the MM and Directors salaries are accruals that were made regarding backpay on salaries for the current financial year but only approved during 2024/25 financial year.

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Figures in Rand	2025	2024
36. Employee related cost (continued)		
36.2 Municipal staff costs		
Basic salary	146 650 523	138 315 702
Bonuses	11 914 252	11 438 745
Service-related benefits	24 190 842	20 595 510
Allowances	19 099 025	17 117 744
Bargaining council	85 071	82 893
Group life insurance	1 334 078	1 209 047
Medical	18 990 947	17 633 468
Pension	25 979 603	24 589 118
Contribution to provision for post-retirement benefit: Medical	4 098 841	(2 128 068)
Contribution to provision post-retirement benefit: Long service	2 458 207	6 549 284
Unemployment insurance	1 316 770	1 306 230
Total	256 118 159	236 709 673
Service-related benefits consist of:		
Overtime payments	15 987 882	14 699 163
Leave pay charge	4 756 587	2 546 373
Acting allowances	3 446 373	3 349 974
	24 190 842	20 595 510
Allowances consist of:		
Travel allowance	16 752 358	15 285 945
Housing benefits and allowances	1 670 573	1 222 915
Telephone allowances	676 094	608 884
	19 099 025	17 117 744
Contribution to provision post-retirement benefit : Medical consists of:		
Service cost	2 170 885	2 508 547
Re-measurements	(4 673 437)	(11 768 540)
Interest cost	6 601 393	7 131 925
	4 098 841	(2 128 068)
Contribution to provision post-retirement benefit : Long service consists of:		
Service cost	1 537 496	1 188 320
Re-measurements	(881 643)	4 029 644
Interest cost	1 802 354	1 331 320
	2 458 207	6 549 284

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Figures in Rand	2025	2024

37. Remuneration of councillors

Executive Mayor/Mayor	37.1	1 046 305	1 003 681
Speaker	37.2	846 445	812 877
Executive committee	37.3	3 982 412	3 825 823
All other councillors	37.4	9 396 369	9 098 495
Total		15 271 531	14 740 876

37.1 Executive Mayor/Mayor

Allowances and service related benefits

Basic salary	749 476	715 555
Cell phone allowance	47 004	49 608
Travelling allowance	249 825	238 518
	1 046 305	1 003 681

37.2 Speaker

Allowances and service related benefits

Basic salary	599 581	572 445
Cell phone allowance	47 004	49 608
Travelling allowance	199 860	190 824
	846 445	812 877

37.3 Executive committee

Allowances and service related benefits

Basic salary	2 810 544	2 683 337
Cell phone allowance	235 020	248 040
Travelling allowance	936 848	894 446
	3 982 412	3 825 823

37.4 All other councillors

Allowances and service related benefits

Basic salary	7 001 293	6 700 260
Cell phone allowance	1 202 362	1 274 923
Travelling allowance	1 192 714	1 123 312
	9 396 369	9 098 495

In kind benefits

The Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker has use of a Council owned vehicle for official duties.

Salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

Setso Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand		2025	2024
38. Depreciation, amortisation and impairment			
Amortisation			
Intangible assets	14.1	35 543	38 250
Depreciation			
Investment property	11.1	709 478	918 152
Property, plant and equipment	12.1	129 225 067	142 667 274
		129 934 545	143 585 426
Impairment loss / (reversal) of impairment			
Investment property	11.1	30 415	(4 840 149)
Property, plant and equipment	12.1	10 281 229	17 640 830
Heritage assets	13.1	-	5 050
		10 311 644	12 805 731
Total		140 281 732	156 429 407
39. Debt impairment			
Receivables from exchange transactions	4	19 987 807	25 025 376
Receivables from non-exchange transactions - property rates	5	2 937 553	4 379 272
Receivables from non-exchange transactions - availability charges	5	198 092	144 493
Fines	5	613 353	568 958
Total		23 736 805	30 118 099
40. Finance cost			
40.1 Interest cost			
Financial liabilities			
• Financial liabilities		25 643	121 835
Finance leases	15.1	1 333 151	-
Unwinding of provision for landfill sites	19	2 742 921	3 243 508
Overdue accounts	17.5	1 302	1 145
Total		4 103 017	3 366 488
41. Bulk purchases			
Electricity: Eskom		123 787 840	106 176 124
42. Inventory consumed			
Materials and supplies		19 184 202	15 768 303

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Figures in Rand		2025	2024
43. Contracted services			
Consultants and professional services	43.1	22 080 391	17 093 380
Contractors	43.2	30 004 717	20 739 871
Outsourced services	43.3	952 046	1 503 272
Total		53 037 154	39 336 523
43.1 Consultants and professional services			
Business advisory services			
Accounting and auditing		8 133 665	5 903 398
Audit committee		349 568	402 133
Business and financial management		6 682 767	7 633 276
Research and advisory		49 658	-
Valuer and assessors		-	274 978
Total business advisory services		15 215 658	14 213 785
Laboratory services			
Water		537 158	511 030
Legal services			
Collection		52 631	170 669
Legal advice and litigation		5 065 587	1 900 893
Total legal services		5 118 218	2 071 562
Infrastructure and planning services			
Town planner infrastructure and planning		1 209 357	297 003
Total consultants and professional services		22 080 391	17 093 380
43.2 Contractors			
General services			
Artists and performers		10 000	9 000
Electrical		421 922	677 889
Employee wellness		39 882	-
Plants, flowers and other decorations		54 500	77 700
Safeguard and security		15 943 320	5 843 566
Transportation		68 770	241 949
Total general services		16 538 394	6 850 104
Maintenance services			
Maintenance of buildings and facilities		622 403	305 512
Maintenance of equipment		17 593	103 697
Maintenance of unspecified assets		12 826 327	13 480 558
Total maintenance service		13 466 323	13 889 767
Total contractor		30 004 717	20 739 871

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Figures in Rand	2025	2024
43. Contracted services (continued)		
43.3 Outsourced services		
Business and advisory services		
Human Resources	44 057	39 941
General services		
Burial Services	80 757	68 141
Catering Services	419 311	465 469
Cleaning Services	8 100	4 600
Hygiene Services	16 800	495 170
Meter Management	74 401	101 456
Transport Services	308 620	328 495
Total general services	907 989	1 463 331
Total outsourced services	952 046	1 503 272
44. Operational costs		
Achievements and Awards	-	475
Advertising, Publicity and Marketing	1 263 164	1 016 901
Bank Charges, Facility and Card Fees	1 132 680	951 881
Bursaries (Employees)	322 495	184 243
Commission	1 600 671	1 330 190
Communication	1 335 482	1 311 448
Courier and Delivery Services	5 766	696
Entertainment	388 557	232 280
Eskom Connection Fees	385 812	-
External Computer Service	7 329 107	6 296 666
Hire Charges	16 130 278	17 815 308
Insurance Underwriting	4 158 442	3 328 812
Licences	810 607	758 095
Printing, Publications and Books	357 679	494 338
Professional Bodies, Membership and Subscription	2 613 087	2 623 817
Registration and Training Fees	466 843	633 459
Remuneration to Ward Committees	2 062 385	2 054 000
Rewards Incentives	20 100	-
Skills Development Fund Levy	2 250 145	2 117 315
Small Differences Tolerances	136 787	-
Travel, Subsistence and Accommodation	1 827 057	1 583 658
Uniform and Protective Clothing	595 922	1 910 825
Vehicle Tracking	203 280	-
Wet Fuel	6 906 059	10 086 466
Workmen's Compensation Fund	2 019 747	1 771 564
Total	54 322 152	56 502 437
45. Operating leases		
Machinery and Equipment	352 679	-
Operating leases (as a lessee)		
Within one year	1 417 763	-
In second to fifth year inclusive	2 481 085	-
Total	3 898 848	-

Setsotho Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
46. Net cash from/(used) operating activities		
Surplus for the year	72 922 581	39 163 885
Adjustments for:		
Depreciation and amortisation	129 970 088	143 623 676
Bad debts written off	135 203 012	148 282 581
Actuarial gains / losses	(5 555 080)	(7 738 896)
(Gains) / Losses on disposal of assets	7 667 510	33 884 291
Fair value adjustment	(348 585)	(565 497)
Finance costs - employee benefits	8 403 747	8 463 245
Finance costs - provisions	2 742 921	3 243 508
Impairment losses	34 048 449	42 923 830
Employee benefit movement	26 501	173 285
Movement in working capital		
(Increase) / Decrease in receivables from non-exchange transactions	(19 980 207)	(15 942 005)
(Increase) / Decrease in inventory	(1 963 651)	425 160
(Increase) / Decrease in receivables from exchange transactions	(186 328 389)	(190 984 771)
(Increase) / Decrease in consumer deposits	65 868	4 080
(Increase) / Decrease in VAT receivable	(12 523 713)	2 363 123
Increase / (Decrease) in trade and other payables	12 494 614	22 128 038
Increase / (Decrease) in unspent conditional grants and receipts	(7 538 447)	(18 984 273)
Increase / (Decrease) in other financial assets	(124 471)	(197 860)
Net cash flows from operating activities	169 182 748	210 265 400

Setso Local Municipality

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Figures in Rand	2025	2024
47. Contingent liabilities		
MM. Masisi Former CFO claiming breach of contract. The matter is pending. On the 13th of May 2021, the Municipality received a settlement offer of R735 060 plus an annual interest of 10.25%, and a list of admissions, from Ms. Masisi's attorneys Cowan Harper Madikizela, however, the Municipality has rejected the settlement offer and has opted to proceed with defending the matter in court, due to the Municipality's prospects of success as advised by counsel in the matter. The matter is still pending, awaiting a court date.	3 788 206	3 788 206
Linomtha The contractor is disputing the claims paid to him for the work done on the project Van Soelen Sewer Line. The matter is still pending.	5 213 566	5 213 566
Moolmanshoek Private Game Reserve Pothole claim. The Municipality received a letter of demand on the 24th of March 2025, demanding an amount of R26 375.25 for damages allegedly suffered after colliding with a pothole on McCabe Street in Ficksburg. The matter is still pending.	26 375	-
VR. Keikabile Pothole claim. The Municipality received a letter of demand on the 4th of March 2025, whereby the claimant demanded an amount of R31 881.30 for damages suffered after driving through a pothole on the R708 road in Moemaneng, Free State. The matter is still pending.	31 881	-
King Price Insurance o.b.o Justin Chaka The Municipality received a letter of demand from King Price Insurance dated the 21st of May 2025, wherein the insurers are claiming an amount of R14 993.35 for damages to the insured's vehicle, allegedly as a result of a pothole on Bloem Street & Church Street, Ficksburg. The matter is still pending.	14 993	-
H. Browne A letter of demand was served on the Municipality on 26 February 2025 demanding an amount of R7297.45 for vehicle damages suffered after colliding with a large pothole in Ficksburg. The matter is still pending.	7 297	-
Van Den Berg - Senekal A letter of demand dated 28 May 2024 was served on the Municipality on 27th of February 2025 demanding an amount of R4200.00 for vehicle damages suffered after colliding with a Pothole in Senekal. The matter is still pending.	4 200	-
J. Smith Collision between a municipal vehicle and the claimant's insured vehicle, the claimant is demanding compensation for damages. The letter of demand was handed over to the Department of Engineering Services for investigation, a third-party claim has been submitted to the Municipality's insurers for assessment. The matter prescribed.	-	38 252

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
47. Contingent liabilities (continued)		
T. Lithakong	-	44 500
Damaged electrical appliances (AEG Double oven stove, AEG electric hob, HITACHI side by side double door fridge, Hisense dishwasher) due to maintenance which took place on the 5th of January 2022. Claim submitted to Department of Engineering Services for investigation, and they indicated that the electricians were correcting a neutral line which was going live. Legal Services are awaiting further reports on whether any damages were reported to the electricians on site on the day in question. The matter prescribed.		
Louis Fourie	13 496 359	13 496 359
Claim to fire damages, causing damage and destroying 80 000 rose trees. Weed guard (100) at a cost of R4 000 per unit. Gyro Gardener Greenhouse. 80 000 Mini Sprinklers at a cost of R35.00 per unit. Poles, Pipes & fencing, joints and taps amounting to R50 000. Netting Drip irrigation, water tanks & plastic canvas. 77 hectares of field destroyed due to the fire. Loss of income over four consecutive years at an income of R300 000 per year. The claim was submitted to the Department of Development Planning and Social Security for investigation, and claim has been submitted to the Municipality's insurers. This claim was repudiate by Guard risk Insurance on the grounds that their investigations concluded that the alleged fire did not originate from the Municipality's landfill site. The insurers advised the Municipality to inform them in the event that the claimant institutes legal action against the Municipality. Legal Services was informed by the Manager - Expenditure on the 19th of April 2024 to this effect. The matter is still pending.		
A. Gobey	-	20 815
Mr. Gobey's letter of demand was received on the 13th of September 2022 from his attorneys N.O Oelofse, demanding an amount of R20 815.00 for damages allegedly suffered in an accident on Voortrekker Street in Senekal on the 29th of August 2022. Proposed settlement letter of R13 000 was sent to the MM's office for perusal. They are awaiting more information pertaining to the alleged accident. The matter was settled.		
Dupas Panelbeaters	800 000	968 053
On the 26th of June 2023 the Municipality was served with a combined summons from the lawyers representing Dupas Panelbeaters, claiming an amount of R968 053 for repairs and maintenance done to Municipal vehicles during the period 2 September 2022 to 10 May 2023. The claimants sought relief for the full amount in the Free State High Court to recover the remaining amount. Despite receiving payment of R653 745, the claimants have not withdrawn their court action against the Municipality. A letter of demand was served on the Municipality on the 10th of November 2023 demanding an amount of R403 480.00 for storage services for municipal vehicles for the period 18 August 2020 to 19 September 2023. The letter also gave the Municipality a notice to the Municipality of intended legal action if payment is not effected immediately. The Municipality has appointed Phatshoane Henney Attorneys to defend the Municipality in the matter. An investigation report from the Government Garage indicated that the claimed repairs were effected and as such, the Municipality should effect payment of the remaining amount. The matter is still pending.		
Denis Pule Motloung	21 775	21 775
The plaintiff is claiming an amount of R21 774.49 for motor vehicle damages for colliding with a pothole on McCabe Street in Ficksburg on the 13th of May 2022. Mukhawana Attorneys have been appointed to represent the Municipality in the matter. An application for rescission of judgement was lodged after a default judgement was granted against the Municipality without the matter being set down for hearing in the Ficksburg Magistrates' Court. The matter is pending, awaiting trial.		

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Figures in Rand	2025	2024
47. Contingent liabilities (continued)		
Gwabeni Incorporated	339 628	339 628
Gwabeni Incorporated are demanding an amount of R339 628.00 for legal services rendered to the Municipality in 2021 when they were appointed by the Executive Mayor at the time to represent the Municipality in disciplinary proceedings against the Municipal Manager at the time. The matter is outstanding, awaiting approval from the Municipal Manager for payment of the invoice. Legal Services provided a report to the Director Corporate Services and the Municipal Manager recommending that payment be made to settle the matter, as Gwabeni Incorporated did render the legal services as requested.		
Johan Rautenbach	-	18 900
The claimant is demanding an amount of R18 900 for electrical appliances damaged as a result of an electrical surge which occurred at 61 Voortrekker Street in Ficksburg on the 25th of January 2023. Investigations by the Electricity Division revealed that the electrical meter box caught fire due to the mains cable in the box started burning, after the earth got live from the fault on the overhead line nearby. That created a surge on the supply to the mentioned house, causing damage to electrical equipment. The Manager: Electricity advised that the Municipality is liable for the damages. The Municipal Manager has requested a detailed report from the Manager Electricity to enable her to decide on the matter. The claim was not covered by the insurance as it fell within the access amount payable by the Municipality. The matter was settled for an amount of R13 500.		
S. Kunene	220 909	220 909
On the 22nd of November 2023, an email was received by Legal Services from the PMU Manager Mr. Kunene claiming an amount of R220 908.55 for legal costs allegedly incurred in the TML criminal case. No proof of payments were submitted, but an SLA allegedly entered into between Mr. Kunene and his attorneys, Tshepo Thusi Incorporated, on the 29th of April 2021. The matter was tabled before a Special Council meeting held on the 27th of June 2024 and Legal Services is awaiting the minutes from the Admin Division. The matter is still pending.		
J.E.D.V Lynch	2 000 000	2 000 000
A letter was received by the Municipality on the 15th of September 2023 demanding an amount of R2 000 000 from the Municipality for malicious prosecution after Mr. Lynch, a former contract employee of the Municipality, was criminally charged for acts or omissions allegedly committed during the exercise of his duties as the Manager: Supply Chain at the Municipality. The matter was discharged on the 9th of February 2023 in terms of section 174 of the Criminal Procedure Act 51 of 1977. The matter was tabled before a Special Council meeting held on the 27th of June 2024 and Legal Services is awaiting the minutes from the Admin Division. The matter is still pending.		
A. Nonstim	-	42 000
A letter was received from Ms. Nontsimi on the 22nd of August 2023 for the reimbursement of R42 000 spent on legal costs after she was criminally charged for acts or omissions allegedly committed during the exercise of her duties whilst employed by the Municipality. The matter was discharged on the 9th of February 2023 in terms of section 174 of the Criminal Procedure Act 51 of 1977. The matter was tabled before a Special Council meeting held on the 27th of June 2024 and Legal Services is awaiting the minutes from the Admin Division. The matter was settled.		
R. Buys	29 217	29 217
On the 15th of September 2023, a letter was received by the Municipality from Van Breda & Herbst Attorneys on behalf of their client, Ms. Ralda Buys, claiming an amount of R29 216,67 for vehicle damages suffered after colliding with a large pothole in Piet My Vrou Street, Ficksburg. The claim was submitted to the Roads Manager for investigation and he requested further supporting documentation from the claimant. The information was requested from the claimant's attorneys and to date, no information has been received. The matter is still pending.		

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Figures in Rand	2025	2024
47. Contingent liabilities (continued)		
M.D Lesesa The claimant is demanding an amount of R400 000,00 plus 10.5% interest and costs of suit, from the Municipality for the loss of his cattle which were allegedly impounded on the 13th of April 2022 as they were allegedly on a neighbouring property. The Municipality is defending the matter, an instruction was issued on the 23rd of November 2023 for Mukhawana Attorneys to file a notice of intention to oppose the matter on behalf of the Municipality. The matter is still pending.	400 000	400 000
Shitolo Waste The contractor was appointed by the municipality for the suction of septic tanks. The municipality is disputing the number of loads completed by the contractor as per their invoice. The matter is still pending.	600 000	402 672
ISA and Partners The contractor provided consulting and engineering services with regards to wastewater and reticulation. There is a dispute with regards to the terms and nature of the contracts, the termination of the relationship between the parties, as well as outstanding amounts for services rendered. The matter is still pending.	7 000 000	7 000 000
Mary Yzel Mary Yzel brought an interdict in terms of the Domestic Violence Act, to prohibit and interdict the Municipality from disconnecting her electricity supply. This interdict was brought against the Municipal employees in their personal capacities but the relief sought is against the Municipality. The matter is still pending.	50 000	-
AM Daisy AM Daisy instituted a delictual claim against the municipality for the loss of a breadwinner. The breadwinner allegedly got into an accident on a road that allegedly belongs to the municipality, which the municipality allegedly failed and/or neglected to maintain. The claim against the municipality is for R1 000 000 together with interest.	1 500 000	1 500 000
DK Dilore Julia obo M Dilore DK Julia instituted a delictual claim against the municipality on behalf of her minor child for the loss of a breadwinner. The breadwinner allegedly got into an accident on a road that allegedly belongs to the municipality, which the municipality allegedly failed and/or neglected to maintain. The claim against the municipality is for R1 000 000 together with interest.	1 500 000	1 500 000
Investigation Director Technical Services The municipality instructed the Phatsoane Henny to investigate whether there is a prima facie case against the Director of Technical Services, on the basis that he allegedly gave approval for the commencement of the trenching and installation of optical fibre on behalf of the municipality without authorisation and/or delegated powers. The investigation was completed. An amount of R270 176.20 was paid for services rendered.	-	400 000
SAMWU OBO M Majorobela SAMWU has approached the Labour Courton behalf of its member, Ms M Majorobela and sought to review and set aside the findings and sanction of in respect of Mr Motsima's disciplinary hearing. The municipality opposed the review application. The matter was heard at the Labour Court on Tuesday, 25 June 2024. Judgment was reserved. The matter was settled an amount of R301 460.44 was paid.	-	300 000
Johan Olivier A summons dated the 19th of January 2023 was served on the municipality, to the amount of R129 795 for vehicle damages as a result of driving into a hollow pothole on the main road between Ficksburg and Clocolan on the 4th of November 2021. The matter is still pending.	250 000	129 795

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Figures in Rand	2025	2024
47. Contingent liabilities (continued)		
DJ. and FT. Qhobosheane The plaintiffs are seeking an order to have the Deed of Sale concluded between the Municipality and N.M.A and M.C Lithebe set aside. The matter is still pending.	250 000	250 000 *
DT. Marotholi Mr. Marotholi was suspended by the Municipality pending conclusion of the internal disciplinary hearing. Mr. Marotholi subsequently referred an unfair labour practice dispute to the CCMA for upliftment of the suspension and compensation. The matter is still pending.	1 311 987	-
Brits and 2 others Brits and 2 others have brought an application against the Municipality to compel the Municipality issue rates clearance figures to the Applicants in respect of the properties known and described as Erf 1179, 1178 and 1189, Senekal, Extension 30. The matter is still pending.	300 000	-
	39 156 393	38 124 647

* The amount of R250 000 for the 2023/2024 financial year with regards to DJ. and FT. Qhobosheane was not disclosed in the 2023/2024 financial year due to an error.

48. Contingent assets

Bastian Finance and Sharp Connect Civil Claim for R208 280.30 for unauthorised and illegal deduction from the municipal account after the services of Sharp Connect were terminated in July 2015. Matter pending. Ponoane Attorneys are still in the process of locating Bastian Finance to recover the amount, but have, as at 30 June 2021, remained unsuccessful. The matter is still pending.	208 280	208 280
Senekal Motor Ingenieurs BK Service Provider claims for motor repair services and the case is likely to be in the favour of the municipality. The matter is still pending.	40 908	40 908

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Figures in Rand	2025	2024
49. Related party disclosures		
49.1 Nature of related party relationships		
Related entities	Vrede Marina Home Owners Association : Reg number 2017/485309/08 (Director : NF Malatjie - Municipal Manager) KNTLD Trading : Reg number 2007/038077/23 (Member : NL Moletsane - CFO) MDJ Entertainment : Reg number 2009/020357/23 (Member : NL Moletsane - CFO) Mhlekezi Investment Holdings : Reg number 2021/496181/07 (Director : NL Moletsane - CFO) Mhlekezi Investments : Reg number 2025/501705/07 (Director : NL Moletsane - CFO) Bright Idea Project 2397 : Reg number 2009/201765/23 (Member : TP Motsima - Director DCS) Lindiwe Makhalema Foundation : Reg number 2019/362236/08 (Director : TP Motsima - Director DCS) Motjha Iketsetse Trading : Reg number 2006/044703/23 (Member : TP Motsima - Director DCS) Motsima Trading : Reg number 2006/214460/23 (Member : TP Motsima - Director DCS) Phatsima Suppliers : Reg number 2006/038397/23 (Member : TP Motsima - Director DCS) Phatsimo Security Services : Reg number 2006/180316/23 (Member : TP Motsima - Director DCS) Big Brothers Trading : Reg number 2006/082498/23 (Member : TP Motsima - Director DCS) Tshepiso Flying Pest Control and Contractors : Reg number 2006/192177/23 (Member : TP Motsima - Director DCS) Dilemopumo Enterprise : Reg number 2014/1091150/07 (Director : DT Marotholi - Director DTS) Marotholi Education Trust : Reg number 2017/016405/08 (Director : DT Marotholi - Director DTS) Phasa and Marotholi Consortium : Reg number 2016/246450/07 (Director : DT Marotholi - Director DTS)	

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Related party disclosures (continued)

Pinnacle Investment Holdings : Reg number 2016/251973/07 (Director : DT Marotholi - Director DTS)

TA Group : Reg number 2016/225535/07 (Director : DT Marotholi - Director DTS)

Goleratong : Reg number 2016/061431/07 (Director : MAB Mosima - Director Community Services)

Molatelo Green Technologies : Reg number 2010/112686/23 (Member : MAB Mosima - Director Community Services)

No business was conducted with any of the above mentioned companies by Setsoto Local Municipality.

50. Change in estimate

The useful lives of all asset classes were adjusted during 2025 to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of changing the remaining useful life of assets for the municipality during 2025 are as follows:

Increase / (Decrease) in depreciation per asset class:

Property, plant and equipment	845 392	(30 365 638)
Investment property	-	(5 808 559)
Intangible assets	(2 615)	(36 779)
	842 777	(36 210 976)

51. Unauthorised, irregular, fruitless and wasteful expenditure

51.1 Unauthorised expenditure

Opening balance as previously reported	852 243 964	774 012 578
Add: Unauthorised expenditure – current	-	78 231 386
Less: Amounts written-off – prior period	(664 402 230)	-
Closing balance	187 841 734	852 243 964

An amount of R187 841 734 was written off on 30 October 2025.

Setso Local Municipality

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Figures in Rand		2025	2024
51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)			
51.2 Irregular expenditure			
Opening balance as previously reported		222 881 089	355 221 176
Correction of prior period error		-	58 100
Opening balance as restated		222 881 089	355 279 276
Add: Irregular expenditure - current		2 048 599	9 973 939
Less: Amounts written-off – current		(785 465)	(4 238 352)
Less: Amounts written-off – prior period		(17 114 184)	(138 133 774)
Closing balance		207 030 039	222 881 089
Incident	Disciplinary steps/criminal proceedings		
Expenditure items identified where the SCM processes and procedures were not followed		1 076 785	9 719 900
Procurement without competitive bidding		971 814	254 039
Total		2 048 599	9 973 939
Payments to be recouped:			
Opening balance		191 967	191 967
Correction of error details:			
Balance as previously reported		-	355 221 176
Add: Additional irregular expenditure identified		-	58 100
		-	355 279 276

The irregular amounts disclosed above are exclusive of VAT.

An amount of R66 714 232 was written off on 30 October 2025.

51.3 Fruitless and wasteful expenditure

Opening balance as previously reported	1 715 825	3 284 215
Add: Fruitless and wasteful expenditure – current	4 613	12 571
Less: Amounts written-off – current	(186)	(11 717)
Less: Amounts written-off – prior period	-	(1 569 244)
Closing balance	1 720 252	1 715 825
Details of fruitless and wasteful expenditure:		
Payments made on interest and penalties	2 073	2 352
Other payments	2 540	10 219
Total	4 613	12 571

The fruitless and wasteful amounts disclosed above are exclusive of VAT.

An amount of R3 397 was written off on 30 October 2025.

Setsoto Local Municipality

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Figures in Rand	2025	2024

52. Councillor's municipal accounts in arrears

30 June 2024

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor SM Constable	1 972	16 920	18 892
Councillors J Coetzee	3 297	85	3 382
Councillor SS Fuso	3 020	21 436	24 456
Councillor TS Manako	2 432	11 723	14 155
Councillor LE Mohanoe	2 250	18 338	20 588
Councillor MJ Mokhobo	2 438	26 180	28 618
Councillor ME Letube	2 567	22 001	24 568
Councillor TP Motsoane	1 890	2 114	4 004
Councillor MA Ponya	2 021	3 335	5 356
Councillor LD Thamae	3 778	3 610	7 388
Councillor JM Janssonius	-	8 164	8 164
	25 665	133 906	159 571

30 June 2025

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor SS Fuso	2 738	8 209	10 947
Councillor PJ Vermeulen	7 185	2 316	9 501
Councillor TS Manako	2 349	4 063	6 412
Councillor ME Letube	2 756	24 065	26 821
Councillor PA Ramohlokoane	2 685	27 388	30 073
	17 713	66 041	83 754

Setso Local Municipality

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Figures in Rand	2025	2024

52. Councillor's municipal accounts in arrears (continued)

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

30 June 2024

	Highest amount outstanding	Ageing in days
Councillor SM Constable	18 892	605
Councillor J Coetzee	3 381	94
Councillor SS Fuso	24 456	618
Councillor TS Manako	14 155	508
Councillor LE Mohanoe	20 588	692
Councillor MJ Mokhobo	28 618	1 051
Councillor TP Motsoane	4 003	182
Councillor TI Mthimkhulu	38 941	178
Councillor MA Ponya	5 356	228
Councillor LD Thamae	7 388	167
Councillor ME Letube	24 568	893
	190 346	5 216

30 June 2025

	Highest amount outstanding	Ageing in days
Councillor PA Ramohlokoane	30 073	257

*Due to an error, Councillor MJ Maleke was included in the 2023/2024 disclosure figures. This error was corrected.

53. Deviations from SCM regulations - SCM Regulation 36

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Various goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the normal procurement processes as required by paragraph 12(1) of the same gazette. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. These deviations were recorded and reported to the meeting of council.

Deviation summary listing:

Emergency cases	3 068 508	10 741 570
Sole / limited provider	383 593	604 511
Impractical to follow SCM process	2 713 704	3 157 781
Technical nature of the service	4 562 820	1 471 835
Total amount approved by the accounting officer and noted by council	10 728 625	15 975 697

Setsoto Local Municipality

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Figures in Rand

54. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of Setsoto Local Municipality

Supplier name	Employee name	Relationship	Department	2025	2024
ETS Investments	T. Monyane	Close family relation	Archive clerk	12 350	-
Lira Transport	MP. Lira	Close family relation	Asset clerk	-	10 400
Dupas Panelbeaters and Trading	LK. Sehlabaka	Close family relation	Messenger	125 728	653 745
Bosamadula	MA. Makelelane	Close family relation	Operator water works	-	91 425
Lechabile	F. Mahlasane	Close family relation	Operator roads and stormwater	-	8 400
Manthoto Enterprise	K. Qacha	Close family relation	Traffic officer	64 062	111 922
Matselane Monyane	T. Monyane	Close family relation	Archive clerk	-	16 500
Mthembana Construction	S. Melithafa / H. Masasane	Close family relation	Human resource advisor / Process controller	38 400	8 450
				240 540	900 842

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Additional disclosures in terms of the Municipal Finance Management Act

	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2025						
Opening balance	-	89 549	2 520 420	218 182	3 033 603	-
Subscription/fees	2 434 343	9 541 594	33 599 174	2 651 258	38 077 519	35 111 101
Amount paid – current year	(2 434 343)	(6 513 991)	(33 234 854)	(2 651 221)	(37 930 989)	(32 063 151)
Amount paid – current year - Provincial Treasury	-	(2 625 545)	-	-	-	-
Credit notes	-	(1 579)	-	-	-	-
Total	-	490 028	2 884 740	218 219	3 180 133	3 047 950
	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2024						
Opening balance	-	1 977	2 094 583	213 696	2 829 699	2 462 162
Subscription/fees	2 455 012	6 789 678	29 473 739	2 629 206	36 188 979	32 379 938
Amount paid – current year	(2 445 012)	(6 700 129)	(29 047 902)	(2 624 720)	(35 985 075)	(34 842 100)
Credit notes	(10 000)	(1 977)	-	-	-	-
Total	-	89 549	2 520 420	218 182	3 033 603	-

Amounts are disclosed inclusive of VAT where applicable.

Non-compliance with the Municipal Finance Management Act

Creditors were not paid within 30 days as per the requirements of the MFMA due to cash-flow constraints and resulted in fruitless and wasteful expenditure being incurred in certain instances.

The municipality incurred irregular expenditure as a result of non-compliance with the relevant legislation governing procurement.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Additional disclosures in terms of the Municipal Finance Management Act (continued)

Reticulation (Distribution) losses - Electricity

The implementation of prepaid electricity meters contributed positively to the decrease in electricity losses.

The prescribed norm from National Treasury for electricity losses is estimated to be between 7% and 10%.

Estimated electricity losses suffered by the municipality for the year under review are as follows:

Estimated electricity losses	11 512 349	7 732 477
Percentage losses	8 %	6 %

Reticulation (Distribution) losses - Water

Estimated water losses included distribution to townships with unmetered water.

The prescribed norm from National Treasury for water losses is estimated to be between 15% and 30%.

Estimated water losses suffered by the municipality for the year under review is as follows:

Estimated water losses	14 195 736	25 831 827
Percentage losses	24 %	48 %

Skills development levies

Opening balance	172 639	158 561
Current year subscriptions / fee	2 249 960	2 110 246
Amount paid	(2 237 302)	(2 096 168)
	185 297	172 639

56. Capital commitments

Commitments in respect of capital expenditure:

Approved and contracted for:

Property, plant and equipment	207 305 838	210 972 183

Setsoto Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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57. Going concern

We draw attention to the fact that at 30 June 2025, the municipality current assets (R392 288 707) exceeded its current liabilities (R163 926 642) with R228 362 065. The municipality further generated an operating surplus of R72 922 581 for the year and had net assets of R2 738 680 373. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Current ratio (norm - 2 : 1)	2.3	2.0
Creditors days (norm - 30 days or less)	111 days	124 days
Debtors collection rate (norm - 30 days)	286 days	254 days

Setso Local Municipality

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Figures in Rand		2025	2024		
58. GRAP 3 adjustments					
The following restatements and adjustments occurred which are set out below:					
58.1 Adjustments of Statement of financial performance items					
2024					
	Note	As previously reported	Correction of error	Re-classification mSCOA	Restated
Revenue					
Exchange revenue					
Services charges – Electricity	23	(103 638 778)	-	-	(103 638 778)
Services charges – Waste management	23	(46 379 604)	-	-	(46 379 604)
Services charges – Waste water management	23	(35 569 353)	-	-	(35 569 353)
Services charges – Water management	23	(79 309 309)	-	-	(79 309 309)
Sale of goods and rendering of services	25	(1 937 376)	-	-	(1 937 376)
Interest earned from receivables	29	(50 952 393)	(1 620 454)	-	(52 572 847)
Interests on investments	28	(12 593 816)	-	-	(12 593 816)
Dividends	30	(80 975)	-	-	(80 975)
Rental on land	26	(1 685 655)	-	-	(1 685 655)
Rent from facilities and equipment	27	(106 811)	-	-	(106 811)
Operational revenue	34	(2 392 890)	-	-	(2 392 890)
		(334 646 960)	(1 620 454)	-	(336 267 414)
Non-exchange revenue					
Availability charges – Electricity	24	(319 572)	(637 956)	-	(957 528)
Availability charges – Water management	24	(702 411)	(132 391)	-	(834 802)
Availability charges – Waste water management	24	(442 871)	(69 427)	-	(512 298)
Property rates	22	(71 494 816)	-	-	(71 494 816)
Fines, penalties and forfeits	31	(851 850)	-	-	(851 850)
Licences or permits	32	(89 843)	-	-	(89 843)
Transfers and subsidies – Operational	33	-	-	(255 844 017)	(255 844 017)
Transfers and subsidies – Capital	33	-	-	(209 219 269)	(209 219 269)
Interest earned from receivables	29	(6 929 480)	(2 583 627)	-	(9 513 107)
Transfers and subsidies	33	(465 063 286)	-	465 063 286	-
		(545 894 129)	(3 423 401)	-	(549 317 530)
Total revenue		(880 541 089)	(5 043 855)	-	(885 584 944)
Expenditure					
Employee related cost	36	238 503 488	3 798 936	-	242 302 424
Remuneration of councillors	37	14 740 876	-	-	14 740 876
Bulk purchases	41	106 176 124	-	-	106 176 124
Inventory consumed	42	16 004 265	(235 962)	-	15 768 303
Debt impairment	39	27 939 835	2 178 264	-	30 118 099
Depreciation, amortisation and impairment	38	156 149 653	279 754	-	156 429 407
Finance cost	40	3 565 516	(199 028)	-	3 366 488
Contracted services	43	41 147 030	(1 810 507)	-	39 336 523
Transfers and subsidies		79 003	-	-	79 003
Irrecoverable debts written off		149 479 854	(1 197 273)	-	148 282 581
Operational costs	44	56 601 240	(98 803)	-	56 502 437
Fair value adjustments and losses on disposal of assets	35	33 318 794	-	-	33 318 794
Total expenditure		843 705 678	2 715 381	-	846 421 059
Surplus for the year		(36 835 411)	(2 328 474)	-	(39 163 885)

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Figures in Rand		2025	2024			
58. GRAP 3 adjustments (continued)						
58.2 Adjustments of Statement of financial position items						
2024						
	Note	Previously reported	Correction of error	Re-classification mSCOA	Re-classification	Restated
Assets						
Current assets						
Cash and cash equivalents	3	57 062 518	-	-	-	57 062 518
Receivables from exchange transactions	4	263 043 292	(50 765 746)	-	-	212 277 546
Receivables from non-exchange transactions	5	69 936 113	216 327	-	-	70 152 440
Inventory	8	3 225 249	-	-	-	3 225 249
VAT Receivable	6	84 399 944	(274 158)	82 861 349	(157 835 451)	9 151 684
Deposits	7	-	-	3 968 525	-	3 968 525
Other current assets	9	4 292 998	-	(3 968 525)	-	324 473
		481 960 114	(50 823 577)	82 861 349	(157 835 451)	356 162 435
Non-current assets						
Other financial assets	10	4 723 333	-	-	-	4 723 333
Investment property	11	71 891 310	-	-	-	71 891 310
Property, plant and equipment	12	2 501 509 213	4 166 170	-	-	2 505 675 383
Heritage assets	13	12 094 650	-	-	-	12 094 650
Intangible assets	14	95 200	-	-	-	95 200
		2 590 313 706	4 166 170	-	-	2 594 479 876
Total assets		3 072 273 820	(46 657 407)	82 861 349	(157 835 451)	2 950 642 311
Liabilities						
Current liabilities						
Financial liabilities	15	(2 709 387)	-	-	-	(2 709 387)
Consumer deposits	16	(3 190 178)	-	-	-	(3 190 178)
Payables from exchange transactions	17	(130 735 885)	3 278 392	-	-	(127 457 493)
Unspent grants	18	(30 018 267)	8 979 260	-	-	(21 039 007)
Provisions and other employee liabilities	19	(1 559 102)	(348 220)	-	-	(1 907 322)
VAT Payable	20	-	(86 839 115)	(82 861 349)	157 835 451	(11 865 013)
Post-retirement health care benefit liability	21	(1 978 951)	-	-	-	(1 978 951)
		(170 191 770)	(74 929 683)	(82 861 349)	157 835 451	(170 147 351)
Non-current liabilities						
Financial liabilities	15	(12 337 978)	-	-	-	(12 337 978)
Provisions and other employee liabilities	19	(47 862 128)	(3 450 716)	-	-	(51 312 844)
Post-retirement health care benefit liability	21	(51 086 357)	-	-	-	(51 086 357)
		(111 286 463)	(3 450 716)	-	-	(114 737 179)
Total liabilities		(281 478 233)	(78 380 399)	(82 861 349)	157 835 451	(284 884 530)
Community Wealth / Equity						
Accumulated surplus		(2 790 795 587)	127 366 269	-	-	(2 663 429 318)
Accumulated surplus - profit/loss movement		-	(2 328 474)	-	-	(2 328 474)
Total Community Wealth / Equity		(2 790 795 587)	125 037 795	-	-	(2 665 757 792)

Setso Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024																																																																																																																							
58. GRAP 3 adjustments (continued)																																																																																																																									
58.3 Adjustments of Cash flow statement items																																																																																																																									
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	Note	<table><tr><th>Previously reported</th><th>Correction of error</th><th>Restated</th></tr><tr><td colspan="3">Cash flows from operating activities</td></tr><tr><td colspan="3">Receipts</td></tr><tr><td>Property rates and availability</td><td>59 396 963</td><td>5 827 463</td><td>65 224 426</td></tr><tr><td>Sale of goods and services</td><td>75 536 935</td><td>47 846 198</td><td>123 383 133</td></tr><tr><td>Other receipts</td><td>6 637 735</td><td>(197 860)</td><td>6 439 875</td></tr><tr><td>Grants</td><td>446 079 013</td><td>-</td><td>446 079 013</td></tr><tr><td>Fines, penalties and forfeits</td><td>851 850</td><td>(662 510)</td><td>189 340</td></tr><tr><td>Interest</td><td>70 324 562</td><td>(31 880 126)</td><td>38 444 436</td></tr><tr><td>Dividends</td><td>80 975</td><td>-</td><td>80 975</td></tr><tr><td></td><td>658 908 033</td><td>20 933 165</td><td>679 841 198</td></tr><tr><td colspan="3">Payments</td></tr><tr><td>Employees</td><td>(259 221 010)</td><td>-</td><td>(259 221 010)</td></tr><tr><td>Suppliers</td><td>(189 205 870)</td><td>(56 016 041)</td><td>(245 221 911)</td></tr><tr><td>Finance costs</td><td>(322 008)</td><td>199 028</td><td>(122 980)</td></tr><tr><td>VAT</td><td>755 774</td><td>34 234 329</td><td>34 990 103</td></tr><tr><td></td><td>(447 993 114)</td><td>(21 582 684)</td><td>(469 575 798)</td></tr><tr><td>Net cash from(used) operating activities</td><td>210 914 919</td><td>(649 519)</td><td>210 265 400</td></tr><tr><td colspan="3">Cash flows from investing activities</td></tr><tr><td colspan="3">Receipts</td></tr><tr><td>Proceeds on disposal of fixed and intangible assets</td><td>195 606</td><td>46 745</td><td>242 351</td></tr><tr><td colspan="3">Payments</td></tr><tr><td>Capital assets</td><td>(219 435 653)</td><td>602 774</td><td>(218 832 879)</td></tr><tr><td>Net cash flows from investing activities</td><td>(219 240 047)</td><td>649 519</td><td>(218 590 528)</td></tr><tr><td colspan="3">Cash flows from financing activities</td></tr><tr><td colspan="3">Payments</td></tr><tr><td>Decrease in borrowing long-term</td><td>(819 885)</td><td>-</td><td>(819 885)</td></tr><tr><td>Net cash flows from financing activities</td><td>(819 885)</td><td>-</td><td>(819 885)</td></tr><tr><td>Net increase/ (decrease) in cash</td><td>(9 145 013)</td><td>-</td><td>(9 145 013)</td></tr><tr><td>Cash and cash equivalents at the beginning of the year</td><td>66 207 531</td><td>-</td><td>66 207 531</td></tr><tr><td>Cash and cash equivalents at the end of the year</td><td>57 062 518</td><td>-</td><td>57 062 518</td></tr><tr><td>Net increase/ (decrease) in cash</td><td>(9 145 013)</td><td>-</td><td>(9 145 013)</td></tr></table>	Previously reported	Correction of error	Restated	Cash flows from operating activities			Receipts			Property rates and availability	59 396 963	5 827 463	65 224 426	Sale of goods and services	75 536 935	47 846 198	123 383 133	Other receipts	6 637 735	(197 860)	6 439 875	Grants	446 079 013	-	446 079 013	Fines, penalties and forfeits	851 850	(662 510)	189 340	Interest	70 324 562	(31 880 126)	38 444 436	Dividends	80 975	-	80 975		658 908 033	20 933 165	679 841 198	Payments			Employees	(259 221 010)	-	(259 221 010)	Suppliers	(189 205 870)	(56 016 041)	(245 221 911)	Finance costs	(322 008)	199 028	(122 980)	VAT	755 774	34 234 329	34 990 103		(447 993 114)	(21 582 684)	(469 575 798)	Net cash from(used) operating activities	210 914 919	(649 519)	210 265 400	Cash flows from investing activities			Receipts			Proceeds on disposal of fixed and intangible assets	195 606	46 745	242 351	Payments			Capital assets	(219 435 653)	602 774	(218 832 879)	Net cash flows from investing activities	(219 240 047)	649 519	(218 590 528)	Cash flows from financing activities			Payments			Decrease in borrowing long-term	(819 885)	-	(819 885)	Net cash flows from financing activities	(819 885)	-	(819 885)	Net increase/ (decrease) in cash	(9 145 013)	-	(9 145 013)	Cash and cash equivalents at the beginning of the year	66 207 531	-	66 207 531	Cash and cash equivalents at the end of the year	57 062 518	-	57 062 518	Net increase/ (decrease) in cash	(9 145 013)	-	(9 145 013)
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58. GRAP 3 adjustments (continued)

58.4 Correction of errors

The following prior period errors adjustments occurred:

Error 1 - Orders accruals deleted and reversed

During the current financial year management found orders that were incorrectly accrued during the 2023/2024 financial year. This was corrected.

The effect is as follows:

Effect of error

(Decrease) in contracted services - contractors - maintenance of buildings and facilities	-	(21 700)
(Decrease) in contracted services - contractors - maintenance of unspecified assets	-	(1 301 283)
(Decrease) in contracted services - contractors - maintenance of equipment	-	(1 770)
(Decrease) in inventory consumed	-	(235 962)
(Decrease) in operational costs - advertising	-	(6 000)
(Decrease) in operational costs - hire charges	-	(5 200)
(Decrease) in operational costs - professional bodies, memberships and subscriptions	-	(28 018)
(Decrease) in operational costs - uniforms	-	(59 585)
Decrease in payables from exchange transactions - payables and accruals	-	1 878 076
(Decrease) in VAT receivable	-	(218 558)
	-	-

Error 2 - VAT

During the current financial year management reviewed the VAT general ledger and reconciliations. Errors were identified between the general ledger and the recalculated balances. This was corrected.

The effect is as follows:

Effect of error

Increase in VAT receivable	-	88 765
Decrease in accumulated surplus	-	84 619 511
(Decrease) in irrecoverable debt write off	-	(1 228 868)
(Increase) in VAT payable	-	(83 479 408)
	-	-

Error 3 - Availability charges

During the current financial year properties were identified which were not charged for availability charges, this error was corrected.

The effect is as follows:

Nature of error

(Increase) in revenue from non-exchange transactions - availability charges - electricity	-	(637 956)
(Increase) in revenue from non-exchange transactions - availability charges - water	-	(132 391)
(Increase) in revenue from non-exchange transactions - availability charges - waste water management	-	(69 427)
Increase in receivables from non-exchange transactions - electricity	-	1 375 567
Increase in receivables from non-exchange transactions - water	-	290 562
Increase in receivables from non-exchange transactions - waste water management	-	152 833
(Increase) in VAT payable	-	(237 256)
(Increase) in accumulated surplus	-	(741 932)
	-	-

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58. GRAP 3 adjustments (continued)

Error 4 - Creditor accrual

During the current financial year it was noted that an accrual was incorrectly raised in the 2023/2024 financial year for the Department of water. This accrual was reversed.

The effect is as follows:

Nature of error

Decrease in payables from exchange transactions - payables and accruals	-	419 825
(Decrease) in VAT receivable	-	(12 343)
Decrease in contracted services - consultants and professional services - water	-	(208 454)
Decrease in finance costs - overdue accounts	-	(199 028)
	-	-

Error 5 - Advance payments - consumers

Differences were identified between the amounts processed in the 2024/2025 financial year for the correction of the 2023/2024 payments in advance - consumer transactions, and the journal processed in the 2023/2024 financial year for this correction. The difference was corrected.

The effect is as follows:

Nature of error

Increase in irrecoverable debts written off	-	31 595
(Increase) in payables from exchange transactions - payments in advance	-	(31 595)
	-	-

Error 6 - Long service awards liability

During the 2023/2024 financial year there were changes made to the benefit structure payments, which resulted in a change in the long service awards liability.

The effect is as follows:

Effect of error

(Increase) in provisions and other employee benefits - long service awards - non current portion	-	(3 450 716)
(Increase) in provisions and other employee benefits - long service awards - current portion	-	(348 220)
Increase in employee costs - contribution to provision post-retirement benefit - long service	-	3 798 936
	-	-

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58. GRAP 3 adjustments (continued)

Error 7 - Creditor accrual

During the current financial year it was noted that an accrual was incorrectly raised in the 2023/2024 financial year for the Shitole waste. The amount is being disputed and included under contingent liabilities. This accrual was reversed.

The effect is as follows:

Effect of error

Decrease in payables from exchange transactions - payables and accruals	-	318 895
(Decrease) in VAT receivable	-	(41 595)
(Decrease) in contracted services - outsourced services - hygiene	-	(67 435)
(Decrease) in contracted services - outsourced services - sewerage	-	(209 865)
	-	-

Error 8 - Property, plant and equipment

During the 2024/2025 financial year the fixed asset register was reviewed and errors were corrected with regards to omissions and fully depreciated assets for the 2023/2024 financial year.

The effect is as follows:

Effect of error:

Increase in infrastructure assets - cost - opening balance	-	6 129 294
(Increase) in infrastructure assets - accumulated depreciation - opening balance	-	(1 024 215)
Increase in depreciation expense - property, plant and equipment	-	279 754
(Increase) in infrastructure assets - accumulated depreciation - depreciation	-	(279 754)
(Increase) in accumulated surplus	-	(5 105 079)
(Decrease) in VAT receivable	-	(90 416)
(Decrease) in construction-work-in-progress - infrastructure assets- additions	-	(602 775)
Decrease in payables from exchange transactions - payables	-	693 191
(Decrease) in construction-work-in-progress - infrastructure assets- opening balance	-	(56 380)
Decrease in accumulated surplus	-	56 380
	-	-

Error 9 - Unspent grants

During the current financial year unspent grants relating to the Provincial Government were corrected, this was due to the absence of clear conditions relating to this grant.

The effect is as follows:

Effect of error:

Decrease in unspent grants	-	8 979 260
(Increase) in accumulated surplus	-	(8 979 260)
	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. GRAP 3 adjustments (continued)

Error 10 - Receivables from exchange and non-exchange transactions

During the 2024/2025 financial year the municipality charged interest on government debtors outstanding balances.

The effect is as follows:

Effect of error:

Increase in receivables from exchange transactions - electricity	-	395 420
Increase in receivables from exchange transactions - water	-	1 878 195
Increase in receivables from exchange transactions - waste management	-	70 234
Increase in receivables from exchange transactions - other	-	8 889
Increase in receivables from exchange transactions - waste water management	-	673 775
Increase in receivables from non-exchange transactions - property rates	-	4 622 286
(Increase) in accumulated surplus	-	(3 444 718)
(Increase) in interest received from exchange transactions - electricity	-	(212 543)
(Increase) in interest received from exchange transactions - water	-	(1 009 694)
(Increase) in interest received from exchange transactions - waste management	-	(37 464)
(Increase) in interest received from exchange transactions - waste water management	-	(356 060)
(Increase) in interest received from exchange transactions - other	-	(4 693)
(Increase) in interest received from non-exchange transactions - property rates	-	(2 583 627)
	-	-

Error 11 - Receivables from exchange and non-exchange transactions

During the 2024/2025 financial year the the impairment policy and impairment calculation of the municipality was reviewed and corrected.

The effect is as follows:

Effect of error:

(Increase) in receivables from exchange transactions - impairment - electricity	-	(3 396 183)
(Increase) in receivables from exchange transactions - impairment - waste management	-	(13 989 820)
(Increase) in receivables from exchange transactions - impairment - waste water management	-	(10 735 586)
(Increase) in receivables from exchange transactions - impairment - water	-	(17 823 771)
(Increase) in receivables from exchange transactions - impairment - other	-	(7 846 898)
Increase in debt impairment expense - receivables from exchange transactions	-	2 111 792
Increase in debt impairment expense - receivables from non-exchange transactions - property rates	-	51 467
Increase in debt impairment expense - receivables from non-exchange transactions - availability charges	-	15 003
(Increase) in VAT payable	-	(3 122 451)
Decrease in accumulated surplus	-	60 961 366
(Increase) in receivables from non-exchange - impairment - property rates	-	(5 877 709)
(Increase) in receivables from non-exchange - impairment - electricity	-	(86 882)
(Increase) in receivables from non-exchange - impairment - water	-	(164 658)
(Increase) in receivables from non-exchange - impairment - waste water management	-	(95 670)
	-	-

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. GRAP 3 adjustments (continued)

58.5 Reclassifications

The following reclassifications adjustment occurred:

Reclassifications - mSCOA

During the year under review certain mSCOA changes occurred in the financial statements. Reclassifications due to these mSCOA changes were as follows:

Nature of reclassification

(Decrease) in other current assets	-	(3 968 525)
Increase in deposits	-	3 968 525
Decrease in transfers and subsidies received	-	465 063 286
(Increase) in transfers and subsidies received - operational	-	(255 844 017)
(Increase) in transfers and subsidies received - capital	-	(209 219 269)
Increase in VAT receivable	-	82 861 349
(Increase) in VAT payable	-	(82 861 349)
	-	-

Reclassification 1 - Property rates

During the year under review the disclosure note for property rates was included in more detail resulting in the following reclassifications within the disclosure note:

The effect is as follows:

Nature of reclassification

(Increase) in revenue from non-exchange transactions - property rates - agricultural properties	-	(5 783 154)
(Increase) in revenue from non-exchange transactions - property rates - business and commercial properties	-	(22 547 238)
Decrease in revenue from non-exchange transactions - property rates - privately owned properties	-	28 461 942
(Increase) in revenue from non-exchange transactions - property rates - state owned properties	-	(131 550)
	-	-

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58. GRAP 3 adjustments (continued)

Reclassification 2 - Interest received consumers

During the year under review the disclosure note for interest received from consumers was included in more detail resulting in the following reclassifications within the disclosure note:

The effect is as follows:

Nature of reclassification

Decrease in interest received from consumers - exchange transactions - service charges	-	50 952 393
(Increase) in interest received from consumers - exchange transactions - other	-	(11 949 320)
(Increase) in interest received from consumers - exchange transactions - electricity	-	(2 309 858)
(Increase) in interest received from consumers - exchange transactions - water	-	(16 818 370)
(Increase) in interest received from consumers - exchange transactions - waste water	-	(8 244 391)
(Increase) in interest received from consumers - exchange transactions - waste	-	(11 630 454)
Decrease in interest received from consumers - non-exchange transactions - property rates and availability charges	-	363 905
(Increase) in interest received from consumers - non-exchange transactions - electricity	-	(73 260)
(Increase) in interest received from consumers - non-exchange transactions - water	-	(184 329)
(Increase) in interest received from consumers - non-exchange transactions - waste water	-	(106 316)
	-	-

Reclassification 3 - VAT

During the current financial year VAT balances per line item were reclassified to ensure they are correctly reflected in the amended VAT notes disclosures, as per the mSCOA financial statements.

The effect is as follows:

Nature of reclassification

Increase in VAT receivable - input accrual	-	70 461 010
(Decrease) in VAT receivable - input general	-	(131 869 170)
(Decrease) in VAT receivable - input capital	-	(105 160 446)
Increase in VAT receivable - VAT control	-	8 733 155
(Decrease) in VAT payable - output VAT	-	130 757 293
(Decrease) in VAT payable - provision for doubtful debt	-	35 811 313
(Increase) in VAT payable - VAT control	-	(8 733 155)
	-	-

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59. Financial instruments

59.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow:

		2025		2024	
		Carrying amount	Fair value / Amortised cost	Carrying amount	Fair value / Amortised cost
Financial assets					
Fair value					
Investments	10	5 196 389	5 196 389	4 723 333	4 723 333
Amortised cost					
Trade and other receivables from exchange transactions	4	245 600 303	245 600 303	212 277 546	212 277 546
Other current assets	9	319 745	319 745	324 473	324 473
Cash and cash equivalents	3	42 869 427	42 869 427	57 062 518	57 062 518
		288 789 475	288 789 475	269 664 537	269 664 537
Total financial assets		293 985 864	293 985 864	274 387 870	274 387 870
Financial liabilities					
Amortised cost					
Bank facilities:					
Financial liabilities	15	12 499 189	12 499 189	15 047 365	15 047 365
		12 499 189	12 499 189	15 047 365	15 047 365
Trade and other payables:					
Consumer deposits	16	3 256 046	3 256 046	3 190 178	3 190 178
Trade and other payables from exchange transactions	17	105 393 816	105 393 816	95 725 348	95 725 348
		108 649 862	108 649 862	98 915 526	98 915 526
Total financial liabilities		121 149 051	121 149 051	113 962 891	113 962 891

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

The annual financial statements include holdings in Listed Government Stock which are measured at Fair Value (Note 10). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Assumptions used in determining fair value of financial assets and financial liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments.

The levels have been defined as follow:

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59. Financial instruments (continued)

Level 1

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2025

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at fair value:				
Listed investments - Sanlam	1 277 824	-	-	1 277 824
Listed investments - OVK	-	-	2 140 885	2 140 885
Total financial assets	1 277 824	-	2 140 885	3 418 709

30 June 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at fair value:				
Listed investments - Sanlam	1 166 138	-	-	1 166 138
Listed investments - OVK	-	-	1 903 985	1 903 985
Total financial assets	1 166 138	-	1 903 985	3 070 123

59.2 Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

59.3 Financial risk management objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit and risk management, responsible for monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

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59. Financial instruments (continued)

59.4 Significant accounting policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the annual financial statements.

59.5 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 59.6 below). No formal policy exists to hedge volatilities in the interest rate market.

59.6 Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the municipality's interest bearing external loan liabilities, as detailed in Appendix 'A', are fixed interest rate loans. Similarly with financial assets, the municipality invests its surplus funds on call deposit interest rate deposits with banks for fixed terms not exceeding one year.

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

59.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

30 June 2025

	Within 1 year	2 to 5 years	Total
Maturity analysis			
Financial liabilities	2 582 218	9 916 971	12 499 189
Payables from exchange transactions	105 393 816	-	105 393 816
	107 976 034	9 916 971	117 893 005

30 June 2024

	Within 1 year	2 to 5 years	Total
Maturity analysis			
Financial liabilities	2 709 387	12 337 978	15 047 365
Payables from exchange transactions	95 725 348	-	95 725 348
	98 434 735	12 337 978	110 772 713

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

59.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

59. Financial instruments (continued)

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality manages credit risk in its borrowing and investing activities by only dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 5 to the annual financial statements.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

Investments	10	5 196 389	4 723 333
Other current assets	9	319 745	324 473
Trade and other receivables from exchange transactions	4	245 600 303	212 277 546
Bank and cash balances	3	42 869 427	57 062 518
Maximum credit and interest risk exposure		293 985 864	274 387 870

59.9 Other price risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

Setsoto Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

60. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major departments.

The departments are:

- Office of the municipal manager;
- Finance;
- Corporate services;
- Community services, and;
- Technical services.

Only the community services and technical services departments have been identified as reportable segments. Management monitors the results of these units to make decisions about resource allocations and assessment of performance. Revenue and expenditure relating to these units are allocated at a transactional level. Cost relating to the governance and administration of the municipality are not allocated to these business units. Segment activities were aggregated for reporting purposes into the two reportable segments.

The office of the municipal manager, finance and corporate services departments are the governance and administration units of the municipality. However, they are not reportable segments. Their results are reported as non-reportable segments to reconcile the results of the reportable segments to the total revenue and expenses of the municipality for the year under review.

The two reportable segments comprise of:

- Community services - which include sport and recreation, housing, public safety, refuse removal, street cleaning and cemeteries, and;
- Technical services - which include energy sources, water management, and waste water management.

Management does not monitor financial performance geographically and does not have reliable separate financial information for geographical areas in the municipal area.

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024		
60. Segment information (continued)				
Segment surplus or deficit				
2024	Technical services	Community and social services	Governance & Admin (Non-reportable segments)	Total
Segment revenue				
External revenue from exchange transactions	(264 897 409)	(1 150 693)	(5 052 652)	(271 100 754)
External revenue from non-exchange transactions	(262 907 462)	(850 850)	(276 046 107)	(539 804 419)
Interest revenue	(1 849 256)	-	(72 830 515)	(74 679 771)
	(529 654 127)	(2 001 543)	(353 929 274)	(885 584 944)
Segment expenditure	Technical services	Community and social services	Governance & Admin (Non-reportable segments)	Total
Bulk purchases	106 176 124	-	-	106 176 124
Bad debt written off	131 618 546	-	16 664 035	148 282 581
Debt impairment	25 169 869	568 958	4 379 272	30 118 099
Depreciation, amortisation and impairment	97 080 137	17 349 017	42 000 253	156 429 407
Employee related costs	81 538 975	36 451 152	124 312 297	242 302 424
Interest expense	3 166 315	-	200 173	3 366 488
Other operational expenses	34 947 327	2 728 288	107 329 445	145 005 060
Remuneration of councillors	-	-	14 740 876	14 740 876
Total segment expenditure	479 697 293	57 097 415	309 626 351	846 421 059
Total segment revenue	(529 654 127)	(2 001 543)	(353 929 274)	(885 584 944)
(Surplus) / Deficit for the year	(49 956 834)	55 095 872	(44 302 923)	(39 163 885)

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Figures in Rand	2025			2024
60. Segment information (continued)				
2025	Technical services	Community and social services	Governance & Admin (Non-reportable segments)	Total
Segment revenue				
External revenue from exchange transactions	(273 043 975)	(1 248 680)	(5 997 252)	(280 289 907)
External revenue from non-exchange transactions	(365 038 310)	(3 989 742)	(187 685 560)	(556 713 612)
Interest revenue	(43 401 646)	-	(31 802 264)	(75 203 910)
	(681 483 931)	(5 238 422)	(225 485 076)	(912 207 429)
Segment expenditure	Technical services	Community and social services	Governance & Admin (Non-reportable segments)	Total
Bulk purchases	123 787 840	-	-	123 787 840
Bad debt written off	71 024 912	61 812 480	2 365 620	135 203 012
Debt impairment	20 185 899	613 353	2 937 553	23 736 805
Depreciation, amortisation and impairment	68 112 550	11 240 639	60 928 543	140 281 732
Employee related costs	89 998 987	37 786 856	134 442 580	262 228 423
Interest expense	2 768 563	-	1 334 454	4 103 017
Other operational expenses	26 806 343	2 845 665	105 020 480	134 672 488
Remuneration of councillors	-	-	15 271 531	15 271 531
Total segment expenditure	402 685 094	114 298 993	322 300 761	839 284 848
Total segment revenue	(681 483 931)	(5 238 422)	(225 485 076)	(912 207 429)
(Surplus) / Deficit for the year	(278 798 837)	109 060 571	96 815 685	(72 922 581)

Setsoto Local Municipality

Appendix A

June 2025

Schedule of external loans as at 30 June 2025

Loan Number	Redeemable	Balance at Sunday, 30 June 2024 Rand	Received during the period Rand	Interest for the period Rand	Redeemed written off during the period Rand	Balance at Sunday, 30 June 2025 Rand	
101389	31/12/2024	445 218	-	-	25 643	470 860	-
		445 218	-	-	25 643	470 860	-
98996767	01/06/2029	1 689 153	-	-	167 401	436 464	1 420 090
98996775	01/06/2029	1 689 153	-	-	167 401	436 464	1 420 090
98996864	01/06/2029	1 689 153	-	-	167 401	436 464	1 420 090
98996910	01/06/2029	1 689 153	-	-	167 401	436 464	1 420 090
99021360	01/08/2029	406 131	-	-	34 348	87 497	352 982
99021468	01/08/2029	406 131	-	-	34 348	87 497	352 982
99021549	01/08/2029	406 131	-	-	34 348	87 497	352 982
99007864	01/08/2029	2 209 047	-	-	186 834	475 920	1 919 961
99008321	01/08/2029	2 209 047	-	-	186 834	475 920	1 919 961
99008330	01/08/2029	2 209 047	-	-	186 835	475 920	1 919 961
		14 602 146	-	-	1 333 151	3 436 107	12 499 189
		445 218	-	-	25 643	470 860	-
		14 602 146	-	-	1 333 151	3 436 107	12 499 189
		15 047 364	-	-	1 358 794	3 906 967	12 499 189

Setso Local Municipality

Appendix B

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure) (Appropriation Statement)

for the year ended 30 June 2025

	2025/2024					2024/2023						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source												
Property rates	85 836 024	-	85 836 024	86 081 108		245 084	100 %	100 %				82 107 734
Service charges - electricity revenue	128 116 368	-	128 116 368	120 326 696		(7 789 672)	94 %	94 %				103 638 778
Service charges - water revenue	75 068 532	8 000 000	83 068 532	86 863 803		3 795 271	105 %	116 %				87 785 982
Service charges - sanitation revenue	43 116 360	-	43 116 360	43 040 718		(75 642)	100 %	100 %				41 916 241
Service charges - refuse revenue	58 105 476	-	58 105 476	57 144 192		(961 284)	98 %	98 %				55 187 803
Sale of goods and rendering of services	2 141 796	470 976	2 612 772	2 170 794		(441 978)	83 %	101 %				1 937 376
Rental of facilities and equipment	1 867 800	166 212	2 034 012	2 045 570		11 558	101 %	110 %				1 792 466
Interest earned - external investments	11 454 348	(2 061 056)	9 393 292	10 051 968		658 676	107 %	88 %				12 593 816
Interest earned - outstanding debtors	50 000 004	61 915 368	111 915 372	65 151 940		(46 763 432)	58 %	130 %				62 085 954
Dividends received	85 050	-	85 050	93 761		8 711	110 %	110 %				80 975
Fines, penalties and forfeits	315 000	(215 000)	100 000	711 070		611 070	711 %	226 %				851 850
Licences and permits	132 300	(112 300)	20 000	126 943		106 943	635 %	96 %				89 843
Transfers and subsidies	270 624 005	-	270 624 005	274 288 158		3 664 153	101 %	101 %				255 844 017
Other revenue	38 453 244	195 184	38 648 428	5 867 093		(32 781 335)	15 %	15 %				5 263 015
Gains on disposal of PPE	184 332	-	184 332	392 423		208 091	213 %	213 %				242 350
Total Revenue (excluding capital transfers and contributions)	765 500 639	68 359 384	833 860 023	754 356 237		(79 503 786)	90 %	99 %				711 418 200

Setsoto Local Municipality

Appendix B

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure) (Appropriation Statement)

for the year ended 30 June 2025

	2025/2024						2024/2023					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type												
Employee related costs	267 542 412	-	267 542 412	262 228 423	-	(5 313 989)	98 %	98 %	3 027 471	-	(3 027 471)	242 302 424
Remuneration of councillors	16 158 216	709 784	16 868 000	15 271 531	-	(1 596 469)	91 %	95 %	(749 652)	-	749 652	14 740 876
Debt impairment	93 089 184	43 893 848	136 983 032	23 736 805	-	(113 246 227)	17 %	25 %	-	-	-	30 118 099
Depreciation & asset impairment	162 862 704	6 236 456	169 099 160	140 281 732	-	(28 817 428)	83 %	86 %	9 863 625	-	(9 863 625)	156 429 407
Finance charges	2 550 012	733 000	3 283 012	4 103 017	-	820 005	125 %	161 %	2 844 920	-	(2 844 920)	3 366 488
Bulk purchases	139 377 420	-	139 377 420	123 787 840	-	(15 589 580)	89 %	89 %	-	-	-	106 176 124
Other materials	46 257 708	6 278 216	52 535 924	19 184 202	-	(33 351 722)	37 %	41 %	(1 384 933)	-	1 384 933	15 768 303
Contracted services	35 658 540	23 068 416	58 726 956	53 037 154	-	(5 689 802)	90 %	149 %	(330 312)	-	330 312	39 336 523
Transfers and subsidies	32 159 004	17 601 892	49 760 896	47 265 390	-	(2 495 506)	95 %	147 %	1 818 288	-	(1 818 288)	34 323 681
Other expenditure	72 076 616	9 770 960	81 847 576	54 674 831	-	(27 172 745)	67 %	76 %	297 938	-	(297 938)	56 502 437
Loss on disposal of PPE	-	-	-	8 059 933	-	8 059 933	- %	- %	32 511 769	-	(32 511 769)	34 126 641
Irrecoverable debt write off	58 000 000	-	58 000 000	135 203 012	-	77 203 012	233 %	233 %	30 332 272	-	(30 332 272)	148 282 581
Total Expenditure	925 731 816	108 292 572	1 034 024 388	886 833 870	-	(147 190 518)	86 %	96 %	78 231 386	-	(78 231 386)	881 473 584
Surplus/(Deficit)	(160 231 177)	(39 933 188)	(200 164 365)	(132 477 633)		67 686 732	66 %	83 %	(78 231 386)		78 231 386	(170 055 384)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	218 681 003	-	218 681 003	205 400 214		(13 280 789)	94 %	94 %				209 219 269
Surplus/(Deficit) after capital transfers & contributions	58 449 826	(39 933 188)	18 516 638	72 922 581		54 405 943	394 %	125 %				39 163 885
Surplus/(Deficit) after taxation	58 449 826	(39 933 188)	18 516 638	72 922 581		54 405 943	394 %	125 %				39 163 885
Surplus/(Deficit) attributable to municipality	58 449 826	(39 933 188)	18 516 638	72 922 581		54 405 943	394 %	125 %				39 163 885
Surplus/(Deficit) for the year	58 449 826	(39 933 188)	18 516 638	72 922 581		54 405 943	394 %	125 %				39 163 885