2022/2023 DRAFT ANNUAL REPORT

2022-2023



2022/2023 DRAFT ANNUAL

NKETOANA LOCAL MUNICIPALITY

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CHAPTER 1

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

It gives me great pleasure to convey to you the developments made by the Municipality during the fiscal year 2022/2023. The Annual Report provides a summary of service delivery as well as the challenges that were confronted during the fiscal year. It reflects the highlights and planned interventions put in place to combat the issues encountered along the way. Also, we acknowledge our shortcomings in addressing some of our community's needs, as well as the interventions that we plan on carrying out to rectify those deficiencies. The Annual Report for 2022/2023 additionally encompasses an overview of service and achievements for the previous financial year (2021/2022), as well as the planned targets or interventions for the 2023/24 financial year in line with the Integrated Performance Plan.

The 2022/23 Annual report is presented in recognition of our legislative obligation to be an accountable and transparent organisation. The report also outlines the implementation and achievement of these objectives conform to the various pieces of legislation such as the section 46 of the Local Government: Municipal Systems Act No.32 of 2000 and sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003.

The Municipality is committed in achieving objectives with regard to the five key performance areas applicable to local government and which is outlined in this Annual Report:

- Basic Service delivery and infrastructure development
- Municipal transformation and development
- Local Economic Development
- Municipal Financial viability and management
- Good Governance and Public Participation

Our specific mandate is drawn from public consultations we embark upon in drafting our Integrated Development Plan, which is our guiding document in our performance. We are continually working to further enhance service delivery to provide a better living for all residents in Nketoana. Supply chain management (SCM) is the end-to-end coordination and optimization of all activities involved in the production and delivery of goods or services. It encompasses the entire process, starting from the acquisition of raw materials to the final delivery of the product to the end consumer. Key components of supply chain management include procurement, production, transportation, distribution, and collaboration with suppliers and partners. The goal is to streamline processes, reduce costs, improve efficiency, and ensure timely delivery of quality products or services. Effective supply chain management enhances competitiveness and customer satisfaction in today's globalized business environment.

Nketoana Local municipality values the opinions of the public in ensuring that the municipality delivers services to its communities. Therefore, the municipality has various platforms in order to get inputs on how to enhance service delivery, and to engage various stakeholders via public participation processes.

The Municipality is committed in ensuring that there is consistent improvement in our processes and systems in order to achieve the vision of the organization.

I thank you.

_____

M.T. Mokoena

Mayor

CHAPTER 1

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

This annual report covers the activities from July 2022 to June 2023. Its preparation comes at a time when the Municipality is facing serious and enormous challenges. These challenges continue to undermine the Municipality's ability to fulfil its main reason of existence, namely, the delivery of essential services to its communities. These services include, inter alia, the provision of water and electricity, the removal of refuse, the promotion of local economic development and a safe and healthy environment.

Some of the challenges that the Municipality is facing are the following:

· Lack of adequately trained human resources.

· Lack of proper oversight due to the incapacity of the relevant structures.

· Inadequate and, at times, total lack of consequence management.

· Aging infrastructure.

· Cash flow constraints.

· Low revenue collection.

Despite these challenges, the Municipality has been able to deliver services to its communities, though in some instances in an incoherent and inconsistent manner. This was achieved by the dedication of staff members and the assistance of the councillors. It is in fact the synergy between the officials and the councillors that will promote stability and eventually lead to improved performance. It is vital that the two components fully know and understand their respective duties, roles and responsibilities within the municipal environment.

One of the challenges that the Municipality encountered has been its failure to submit the annual financial statements on time to the Auditor-General for audit. The submission was done well beyond the legislated time, which is August 31 of every financial year. The problems caused by this late submission are obvious and contributed to the negative audit outcomes of the past few years. This situation was worsened by the fact that the Municipality had operated for quite some time without a Chief Financial Officer (CFO). This was the case during the first quarter of the 2022/ 2023 financial year.

However, the appointment of the CFO during the second quarter of the year under audit meant that there would be proper and adequate focus in the preparation of the annual financial statements and their timely submission to the Auditor-General for audit.

Indeed, the 2022/ 2023 annual financial statements were submitted on time. The next step is not only to maintain compliance but to ensure the quality of the annual financial statements is not compromised. While the audit outcome has remained the disclaimer one, the quality of the statements slightly improved. The Municipality must also double its efforts in improving the area of records management. The current records management unit is acutely understaffed with the position of Records Manager vacant for a long time. It is the intention of the Municipality to urgently correct this deficiency.

It is also an encouraging and positive factor that the following governance structures are in place:

· The municipal council.

· The executive committee.

· The section 79 committees.

· The Municipal Public Accounts Committee.

· The ward committees.

The latter two structures need additional training and capacity building to assist with the enhancement of financial management and public accountability.

Lastly, the annual report is presented as the account of the Municipality's financial standing and its overall performance for the 2022/ 2023 financial year. The Municipality wishes to thank the main stakeholders (municipal officials, municipal councillors, the communities, the Audit Committee members and the Office of the Auditor-General) who continue to offer support and guidance in the endeavour to improve the Municipality's overall performance. The Municipality is truly indebted to them.

_____

S.M. Nhlapo

Municipal Manager

CHAPTER 1

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Nketoana Local Municipality forms part of the Thabo Mofutsanyana District Municipality in the Free State province.

It is one of the six (06) local municipalities within the district; other five local municipalities are, Maluti a Phofung, Dihlabeng, Phumelela, Mantsopa and Setsoto. Nketoana Local Municipality derived its name from the Liebenbergsvlei River, that flows between Reitz and Mamafubedu. The municipality is 54km from Bethlehem, 240km from Johannesburg and 60 km from the N3 Road.



(Source: Municipal Demarcation Board)

It comprises of Reitz, Petsana, Mamafubedu, Lindley, Ntha, Arlington and Leratswana. Nketoana Local Municipality has 09 wards;

Ward 1- Mamafubedu

Ward 2 – Mamafubedu

Ward 3 – Ntha

Ward 4 – Ntha

Ward 5 – Leratswana

Ward 6 – Reitz/Petsana

Ward 7 – Petsana

Ward 8 – Petsana

Ward 9 – Petsana

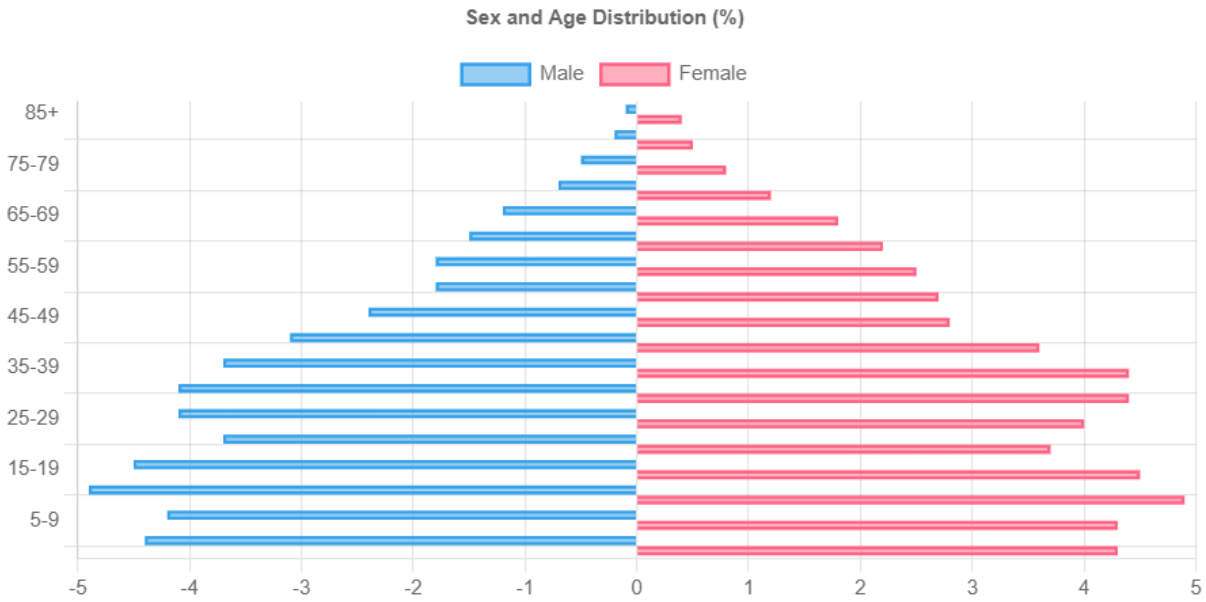
The head office is situated at Reitz, with municipal staff in each unit to ensure that services are brought closer to the community. The Municipality has five administration departments i.e. Corporate Services, Community Services, Technical Services, Financial Services and LED, Tourism and Planning departments. The core function of the municipality is service delivery as set out in the constitution. Demographics or population characteristics includes analysis of the population of a region. Distributions of values within a demographic variable, and across households, as well as trends over time are of interest. Table below shows population of Nketoana local municipality and population intercensal growth. Population for the municipality has increased between 2016 and 2022 with intercensal growth of 1 595 thousand.

Total population		Total population intercensal growth (2016-2022)
Community Survey 2016	Census 2022	
64 893	66 488	1 595

Data source: Statistics South Africa, Census 2022, and Community Survey 2016 (2016 municipal boundaries)

Functional Age Group	Census 2011			CS 2016			Census 2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 14 (Children)	9632	9850	19482	9495	10062	19557	8980	8939	17919
15 - 64 (Working age group)	17734	19597	37330	20471	21321	41792	20493	22848	43341
65 + (Elderly)	1246	2267	3513	1176	2368	3544	2086	3142	5228
Total	**28611**	**31713**	**60324**	**31142**	**33751**	**64893**	**31559**	**34929**	**66488**

Population according to age group



Households Information

A household is defined as a group of persons who live together and provide themselves jointly with food and/or other essentials for living, or a single person who lives alone.

Table: Total number of households per town in Nketoana Local municipality

Town	Households	Percentages
Nketoana	**17 320**	**100,0**
Petrus Steyn	231	1,3
Mamafubedu	3138	18,1
Nketoana NU	3116	18,0
Reitz	1130	6,5
Petsana	5105	29,5
Ntha	3010	17,4
Lindley	354	2,0
Leratswana	1172	6,8
Arlington	64	0,4
Total	**17 320**	**100,0**

Table: Distribution of total population, number of households and average household size in Nketoana local Municipality

	Total population	Households	Average household size
Community Survey 2016	64893	17 320	3.3
Census 2022	66488	19 738	3.4

Data source: Statistics South Africa, Census 2022 and Community Survey 2016 (2016 municipal boundaries)

Table above indicates the total population, number of households as well as the average household size in Nketoana local municipality between the years 2016 and 2022. Even though the total population had increased from (64 893) in 2016 to (66 488) in 2022 and number of households has increased from (17 320) in 2016 to 19 738 in 2022, the average household size has slightly increased from 3.3 in 2016 to 3.4 in 2022, this implies that the number of people per household has slightly increased.

Household infrastructure data of Nketoana Local Municipality is of essential value in economic planning and social development. Assessing household infrastructure involves the measurement of indicators below:

Access to dwelling units
Access to proper sanitation
Access to running water
Access to refuse removal
Access to electricity

Nketoana is a fertile agricultural region and approximately 19% of the economically active population is employed in the agricultural sector. Attractions in the area include: flower and nut farms; bird farms; two lion farms; game farms and the Bass Feather Country Lodge (Previously known as Bietjie Water Holiday Resort). History buffs will be interested in the fact that Lindley was the birthplace of Dr Danie Craven and the Yeomanry Koppies area is a recognised Anglo-Boer War battlefield.

The historical Dutch Reformed Church building in Ntha and the Krusipad Missionary Church are also likely to be of interest, as are the other national monuments in the area.

Tourists can visit the agritourism route in Arlington. Place Area (km2) Population Most spoken language

Nketoana Local Municipality

Settlement	**Area km 2**	**Most spoken language**
Arlington	5.41	Sesotho
Leratswana	0.82	Sesotho
Lindley	21.07	Sesotho
Ntha	2.16	Sesotho
Mamafubedu	1.38	Sesotho
Mamafubedu (Town)	9.74	Afrikaans
Reitz	6.51	Afrikaans
Petsana	2.76	Sesotho



Trade and Industry in different towns:

REITZ/ PETSANA

Background

Reitz is the principal town of the area and economically the strongest. Lying almost halfway between Bethlehem and Frankfort on Route 26, Reitz is described as a peaceful village. It first became a municipality in 1903. It is a small Free State town which is a centre for the maize, wheat and cattle farmers of the area. Its biggest claim to fame is that it has the largest maize silos in the southern hemisphere.



Trade and Services

Reitz has a well-developed CBD in the centre of Reitz with a variety of retail businesses and related services including agricultural suppliers, wholesalers, retailers, general dealers, hair dressers, funeral parlours, pharmacies, bakeries, professional service providers and many more.

Industrial

Reitz has two industrial areas situated directly to the north of Petsana and Reitz respectively where a variety of light and heavy industries can be found. Most of these industries are however related to and in support of the agricultural sector.

MAMAFUBEDU (Petrus Steyn)

Background

Mamafubedu (Petrus Steyn) is situated near the large hill, Elandskop. The scene of many a skirmish between Boer and Brit during the Anglo-Boer War Research has indicated that Mamafubedu (Petrus Steyn) is the Free State town highest above sea level, at 1 702 meter above sea level and is dominated by one of the biggest co-operative grain silos in the Free State. The Renoster River has its source near the town.



Trade and Services

Mamafubedu (Petrus Steyn) has a well-defined CBD. Businesses found within the CBD include the co-operation, a supermarket, retail shops and general dealers and liquor stores, a hotel and hair dressers. Other services of interest include financial institutions, medical doctor's practices, a pharmacy, an estate agency and funeral houses.

Mamafubedu accommodates quite a number of formal businesses, which is mostly situated at the entrance to Mamafubedu. There are quite a large number of residential sites used for mixed uses such as businesses, taverns, funeral parlours, fuel depots and spaza shops. These properties have not been rezoned as such.

Industrial

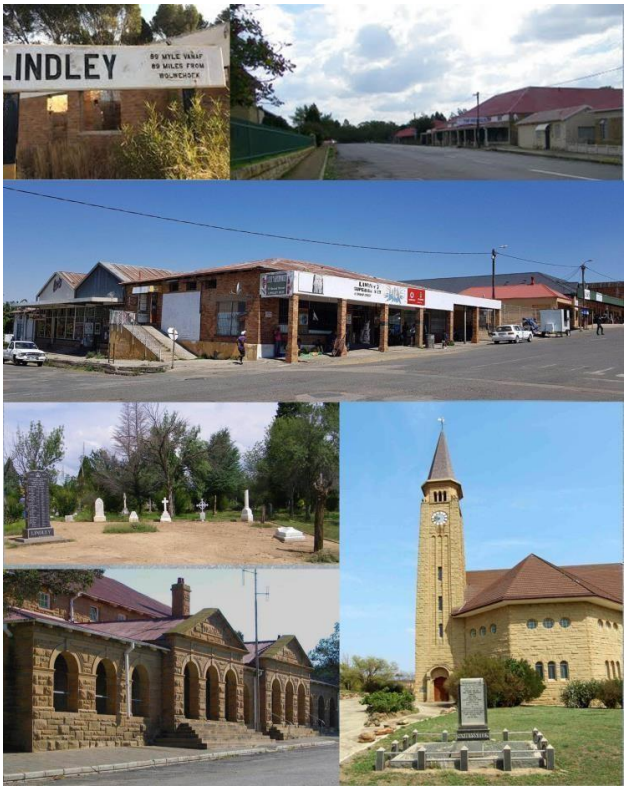
One of Mamafubedu's (Petrus Steyn's) largest assets is the grain silo situated to the northwest of the town next to the railway station. The silos have the largest storage capacity of 102 000 tons.

LINDLEY

According to the co-operation, approximately 25 000 tons of maize are stored during May to August, whilst approximately 35 000 ton of wheat are stored during December to February each year. The industrial area itself is completely served and has good access from both external roads and the railway line but is currently completely underutilized. There is ample land available for expansion should the need arise. Several other enterprises are situated in the town itself which include a warehouse, engineering works, a mill and bakery, 2 potato wash facilities, a fuel depot and various light industrial workshops.

Background

Lindley is named after a missionary, Daniel Lindley, an American Presbyterian minister of the Voortrekkers. Historically notable was the Battle for Yeomanry Hills which took place during May 1900 between British and Free State forces. The farm Doornkloof of famous Voortrekker leader, Sarel Cilliers, is also in the district, forming today the national headquarters of the Voortrekkers youth movement.



Trade and Services

Trade Lindley has a well-defined CBD consisting of several businesses linear along the main road to the north and south of the CBD. Ntha has not yet a well-defined CBD although a concentration of businesses exists in the township. A need exists for the development of the large business site adjacent to the access road to Ntha to serve as an activity or business node.

Industrial : No provision is made for light industrial sites in a designated industrial area in Lindley. A definite need exists for sites of this nature. A few light industrial sites were provided in Ntha along the main collector roads through Ntha.

ARLINGTON

Background

Founded in 1930, the village of Arlington is supported by a very strong agricultural district, especially cattle studs for the Simmintaler, Simbra and Angus breeds.

Arlington has a well-defined and accessible CBD adjacent to the major road between Bethlehem and Steynsrus. Leratswana has a small business activity node consisting of community facilities and shops adjacent to the access road. The business areas described indicate limited growth potential.

Arlington has no industrial sites available due to the lack of available land.



1.3 SERVICE DELIVERY OVERVIEW

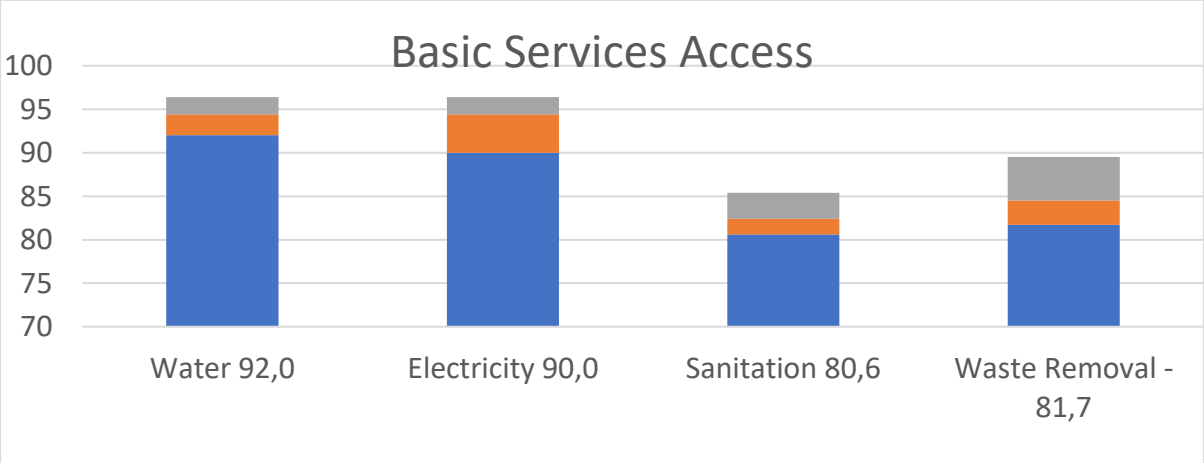
Basic Services Overview

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

Access to basic services for Nketoana Local Municipality is as follows.

- 92,0 % of the community has access to water
- 80,6 % of the community has access to proper sanitation
- 90,0 % of the community has access to electricity
- 81,7 % of the community has access to waste removal



The municipality's main issue with service delivery is the inadequate infrastructure (deteriorating infrastructure) and personnel. This is in relation to the essential infrastructure and facilities required to join the supply chain needed for economic operation and activity. Numerous factors, such as not being financially self-sufficient and lacking the requisite infrastructure and resources to carry out duties to the public, contribute to the municipality's lack of service delivery. The municipality is working hard in ensuring that it delivers high quality services to its communities despite the challenges. The Municipality has attained important progress with service delivery of basic services between 2001 census, community survey 2007, census 2011, community survey 2016 and census 2022.

Basic Service	Definition	Census 2001	Community Survey 2007	Census 2011	Community Survey 2016
Water	Access to piped water	77.70%	78.10%	80.70%	20.00%
Sanitation	Excluding pit latrines and no toilet facilities and/or the bucket system	13.30%	31.90%	64.70%	78.10%
Energy	Using electricity for either/or lighting, cooking, heating/ Solar	76.20%	71.70%	84.70%	90.00%
Refuse removal	Collected by the municipality at least once a week	63.60%	62.90%	72.20%	81.70%

1.4 FINANCIAL HEALTH OVERVIEW

Statement of Financial Performance

The year under review was still a difficult year for Nketoana Local Municipality with the negative impact on the economy as a results COVID-19 pandemic. 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 led municipality to exceed the budget.

Description	Current Year 2022/2023		2023/2024 Medium-term Revenue and Expenditure Framework		
R thousands	Original Budget	Adjustment Budget	Budget Year 2023/2024	Budget Year 2024/2025	Budget Year 2025/2026
Financial Performance					
Employee Costs	151 733	151 733	160 534	169 845	179 696
Remuneration of Councillo	6 454	6 454	6 841	72 52	7 687
Depreciation and Assets Impairment	60 675	55 675	56 000	56 327	56 657
Finance Charges	26 500	30 500	32 940	35 575	38 421
Materials and Bulk Purchas	130 642	107 412	120 362	134 999	151 552
Other Expenditure	231 521	243 736	255 000	264 536	284 700
Total Expenditure	**607 525**	**595 509**	**631 676**	**668 533**	**718 712**

1.5. Organisational Development Overview

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, has to have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP. The municipality has 6 directorates namely; Corporate Services; Community Services; Technical Services and Infrastructure; LED, Tourism & Planning; Finance and the Office of the Municipal Manager. Corporate Services department renders a support service regarding employee management, employee expenditure, employee relations and employee

development. Organisational Development is an objective based approach to systems change within an organization. It enables organisations to build and sustain a new desired state of the entire organization. The purpose of Organisational Development is to enable an organization to better respond and adapt to industry/market changes and technological advances. During the Financial Year 2022/2023, the Municipality reviewed and submitted 4 (four) Human Resources Policies, Employment Equity Plan) and Workplace Skills Plan to enable the Municipality to reach its IDP Objectives.

Table : Municipal Employees per category

	Total according to race								Total
Occupational category	A	%	C	%	I	%	W	%	
Legislators	105	97	0	0	0	0	3	3	**108**
Managers	17	94	0	0	0	0	1	6	**18**
Professionals	22	96	0	0	0	0	1	4	**23**
Technicians and Associate Professionals	49	94	0	0	0	0	3	6	**52**
Clerical and Administrative Workers	35	97	0	0	0	0	1	3	**36**
Service and Sales Workers	75	100	0	0	0	0	0	0	**75**
Skilled Agricultural, forestry, fishery, craft and related trades workers	17	100	0	0	0	0	0	0	**17**
Plant and Machine operators and Assemblers	17	100	0	0	0	0	0	0	**17**
Elementary occupations	181	100	0	0	0	0	0	0	**248**
Total	**585**	**98**	**0**	**0**	**0**	**0**	**9**	**2**	**594**

Table: Total Number of Employees in the Municipality who Received Training

Technicians and Associate Professionals	1	0	0	0	1	0	0	0	**2**
Clerical Support Workers	4	0	0	0	2	0	0	0	**6**

	Gender and Race								
Occupational category	**F A**	**F C**	**F I**	**F W**	**M A**	**M C**	**M I**	**M W**	**TOTAL**
Legislators	1	0	0	0	5	0	0	0	**6**
Managers	2	0	0	0	4	0	0	0	**6**
Professionals	4	0	0	0	4	0	0	0	**8**

Service and Sales Workers	0	0	0	0	0	0	0	0	**0**
Skilled Agricultural, forestry, fishery, craft and related trades workers	0	0	0	0	6	0	0	0	**6**

Plant and Machine operators and Assemblers	0	0	0	0	0	0	0	0	**0**
Elementary occupations	0	0	0	0	0	0	0	0	**0**
Total	**12**	**0**	**0**	**0**	**22**	**0**	**0**	**0**	**0**

Table : Summary Employee Profile Data

Total number of black (African, Coloured, Indian) employees	585
Black employees as a % of total employees	98%
Total number of women employees	226
Women employees as a % of total employees	38%
Total number of employees with disabilities	0
Employees with disabilities as a % of total employees	0%
Total employees over the age of 55	61
Over 55 employees as a % of total employees	10%
Total employees between the ages of 35 and 55	356
Employees between 35 and 55 as a % of total employees	59%
Total employees under the age of 35	182
Employees under 35 as a % of total employees	30%

Table: Summary Employee Qualification Profile Data

EMPLOYEE QUALIFICATION PROFILE	
Total number of employees with an NQF Level 1 and below qualification	90
Employees with an NQF Level 1 and below qualification as a % of total employees	15%
Total number of employees with an NQF Level 2, 3 or 4 qualification	405
Employees with an NQF Level 2, 3 or 4 qualification as a % of total employees	67%
Total number of employees with an NQF Level 5 or above qualification	95
Employees with an NQF Level 5 or above qualification as a % of total employees	16%

1.6 AUDIT COMMITTEE'S REPORT

AUDIT COMMITTEE'S REPORT: 2022/2023

The Municipality received a disclaimer audit opinion. The Auditor General did not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, AG was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

The compilation of the annual report began with the approval of the Budget 2022/2023 and the Integrated Development Plan 2022/2023. Parallel to the compilation of these two documents, was the process of developing and approving the Service Delivery and Budget Implementation Plan 2022/2023. The draft SDBIP 2022/2023 was approved by the mayor within the stipulated timeframes.

The Annual Performance report was compiled and tabled to council for it to note the implementation of the service delivery and budget implementation plan as well as to Auditor General of South Africa for regulatory audit. The report together with the audit report and the audited Annual Financial Statements were consolidated into section 121 of the MFMA, 56 of 2003 as an Annual Report 2022-2023 to be tabled to council be tabled to council.

1.7 STATUTORY ANNUAL REPORT PROCESS

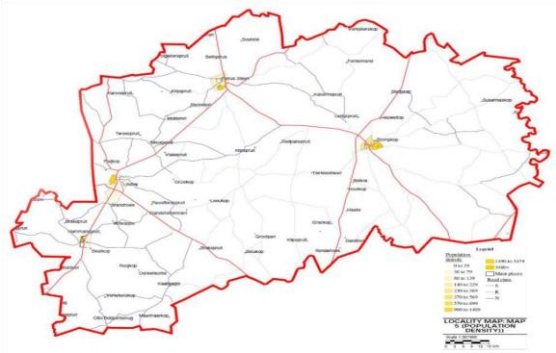
No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP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

CHAPTER 2

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION:



Nketoana Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality has nine wards. The Council is represented by 18 public individuals affiliated with ANC, DA, EFF, FF+ and AULA. The municipality is divided into two major governing structures, namely:

• Political governance; and

• Administrative governance.

Political governance constitutes of public representative elected through wards and proportional representation respectively. These public representatives form a municipal council. They are the legislators at the local level and take decisions that are to be implemented by the administrative leadership

Administrative governance is made up of the municipal manager, supported by the section 57 directors and all other officials as per the municipal organisational structure. These officials have specific delegated powers and functions that they need to execute in order for the municipality to provide services to its local community.

Table 2.1: Wards of the Nketoana Local Municipality

Ward	**Total voter**
Ward 1	3296 voters
Ward 2	3716 voters
Ward 3	3599 voters

Ward 4	3118 voters
Ward 5	3151 voters
Ward 6	2816 voters
Ward 7	3402 voters
Ward 8	2830 voters
Ward 9	3617 voters
Total	

2.1 POLITICAL GOVERNANCE

NAME AND SURNAME	CONTACTS	Gender	PR / WARD
1. CLLR (SPEAKER) – Buyi Makoba (ANC)		Female	PR
2. Cllr. (Mayor) – Mamiki Mokoena (ANC)		Female	PR
3. Cllr. T. Mokoena – ANC		Male	Ward 1
4. Cllr. K. Mofokeng - ANC		Female	Ward 2
5. Cllr. M. Mabaso - ANC		Female	Ward 3
6. Cllr. P. Mofokeng - ANC		Male	Ward 4
7. Cllr. G. Nhlapo – ANC		Male	Ward 5
8. Cllr. M. Blignaut - DA		Male	Ward 6
9. Cllr. K. Mofokeng - ANC		Male	Ward 7
10. Cllr. P. Dhlamini - ANC		Male	Ward 8
11. Cllr. L. Miya – ANC		Male	Ward 9
12. Cllr. D. Mofokeng – DA		Male	PR
13. Cllr. H. Muller – FF+		Female	PR
14. Cllr. Smit – DA		Female	PR
15. Cllr. Molakeng - AULA		Female	PR
16. Cllr. Mosia – EFF		Female	PR
17. Cllr. Bosman – FF+		Female	PR
18. Cllr. Mofokeng - EFF		Male	PR

Committees

Committee	Designation	Name	Constituency
Executive Committee	Chairperson	Cllr. MT Mokoena	PR - ANC Mamafubedu

Committee	Designation	Name	Constituency
	Member	Cllr. P. Mofokeng	Ward 4 - ANC Lindley
	Member	Cllr. M. Blignaut	Ward 6 -DA Reitz
IDP Steering Committee			
	Chairperson	Cllr. MT Mokoena	PR - ANC Mamafubedu
	Member	Cllr P. Mofokeng	Ward 4 - ANC Ntha/ Lindley
	Member	Cllr. M Blignaut	Ward 6 - DA Reitz
	MM	MS Nhlapo	Municipal Manager
	Directors	J. Mokwena	Acting Director Corporate Services
		MS Letsela	Director Community Services
		J. Makubu	CFO
		MP Morokolo	Director Technical Services & Infrastructure Development
		J. Mahamotsa	Director LED, Tourism and Planning
	Manager IDP & PMS	J. Msibi	

Finance Standing Committee			
	Chairperson	Cllr. M.T Mokoena	Mayor - ANC
	Members	Cllr. M. Mabaso	Ward 3 - ANC Ntha
		Cllr. G. Nhlapo	Ward 5 ANC
		Cllr. A. Smit	Ward 7 DA
		Jabulani Makubu	CFO
	Scriber	T. Motaung	
Community & Technical Services Standing Committee	**Chairperson**	Cllr. P. Mofokeng	Ward 3 (ANC)
		Cllr. T.E Mokoena	Ward 1 ANC
		Cllr. L. Mofokeng	Ward 3 (PR) EFF
		Cllr. K. Mofokeng	Ward 7 ANC
		Cllr. D. Mofokeng	Ward 4 (PR) DA

		Cllr. P. Dlamini	Ward 8 ANC
Corporate Services Standing Committee	**Chairperson**	**Cllr. M. Blignaut**	**Ward 6 (DA)**
		Cllr. Mosia	**PR EFF**
		Cllr. H. Muller	**PR** **FF +**
		Cllr. L. Miya	**Ward 9** **ANC**
		Cllr. Kgantshe Mofokeng	**Ward 2** **ANC**
Oversight Committee	**Chairperson**	**Cllr. G. Nhlapo**	**Ward 5 (ANC)**
		Cllr. T. Mokoena	**Ward 1 (ANC)**
		Cllr. D. Mofokeng	**PR (DA)**

		Cllr. Mosia	**PR (EFF)**
		J. Makubu	**CFO**
		G. Makgale	**Manager Internal Audit**
		J. Msibi	**Manager IDP & PMS**
		K. Hlongwane	**Scriber**
Audit Committee/Performance Audit Committee	**Chairperson**	**Ms. P. Senyane**	
		Mr. A. Tshabalala **Ms. M. Sello**	
Bid Specification Committee	**Chairperson**	**S. Mofokeng** **Adv. M. Mokhati** **E. Mofokeng** **K. Molelekwa** **Maritjie Jonker (scriber)**	
Bid Evaluation Committee	**Chairperson**	**M. Mzizi** **W. Koalepe**	

		S. Maseko **M. Mbongo** **T. Motaung (scriber)**	
Bid Adjudication Committee	**Chairperson**	**J. Makubu** **Patricia Morokolo** **M. Mahamotsa** **J. Mokwena** **D. Motloung**	

Table: Ward Committee Members

WARD 1 (Mamafubedu)

NAME	**PORTFOLIO**
Councillor TE Mokoena	Chairperson Ward Councillor
Motloung Ramosele	Sports
Mntjali Mangaka Alina	Youth
Mantoa Letsela	Women
Seobi Irene Tsebo	Society
Letsela Sepati	Community Base
Nhlapo Thokozile	Disability
Masontaha Moene	Agriculture
Rasheane Masesi	Traditional
Sejake Rebecca Mmafusi	Health and Safety
Jabulani Maduna	Education
Motloung Ramosele	Sports

WARD 2 Mamafubedu

NAME	PORTFOLIO
Councillor K. Mofokeng	Chairperson Ward Councillor
Magoera Slloane Wellemina	Disability
Tshabalala Lindiwe Elizabeth	Unemployment
Mokoena Ntediseng Cathrine	Health and Safety
Nthebe Daniel	Religion
Mokoena Maphakiso	Youth
Mgcina Martha	Society
Mosia Fedile Lettia	Sports
Tshabalala Kgahliso Precious	Agriculture
Mzima Bongiwe	Employment
Nkomo Matefo	Women pounded
Magoera Slloane Wellemina	Disability

WARD 3 (Lindley/Ntha)

NAME	PORTFOLIO
Councillor M. Mabaso	Chairperson Ward Councillor
Stoffel Mantja	Education
Dikeledi Moena	Home Affairs
Zwane Emely	Traditional
Nale Maria	Business
Mofokeng Maria	Health and Safety
Tshokolo Mokhatla	Sports
Letha Matshidiso	Crime
Mosia Constance	Agriculture
Motaung David	Agriculture

Radebe Ntombizodwa	CBO
Stoffel Mantja	Education

WARD 4 (Lindley/Ntha)

NAME	PORTFOLIO
Councillor PP Mofokeng	Chairperson Ward Councillor
Mokebe Golai	Youth
Mahlatsi Mohau David	Business
Letha Thethiwe Paulinah	Religious
Kubeli Moreka Johannes	Sports
Kitikiti Kenny Mofokeng	CPF
Leotlela Matombi Paulinah	Health and Safety
Mokoena Matshediso Rose	Arts and Culture
Mnguni Thenjiwe Gloria	Education
Bethuel Mofokeng	Agriculture
Mokebe Golai	Youth
Mahlatsi Mohau David	Business

WARD 5 (Arlington/Leratswana)

NAME	PORTFOLIO
Councillor LG Nhlapo	Chairperson Ward Councillor
Sedikane Tsipi Aaron	Traditional
Phakoe Modiehi	Business
Mohono Sepatala Victor	Community Policing Forum
Tsitsi Matshediso Margaret	CCF
Motlokoa Pule Johannes	Elderly and Disable
Mofokeng Moselantja	Education

Mm Sithole	Health and Safety
Tsoeu Slyvia	Youth
Mokoena Mamoya	Sports
Mokoena	Agriculture

WARD 6 (Reitz/Petsana)

NAME	**PORTFOLIO**
Councillor M Blignaut	Chairperson Ward Councillor
Elizabeth Mathebe	Disability
Mokhatla Martha	Elderly
Maseko Mzondeki Mokoena Elizabeth	Citizen
	Women
Mokena Bokang	Police and Crime
Moloi Mathabo	Traditional
Mofokeng Modikwe	Arts and Culture
Chaba Adelinah	Religion
Motloung Fana	Health and Safety
Mphuthi Mojalefa	Sports
Elizabeth Mathebe	Disability
Mokhatla Martha	Eldery

WARD 7 (Reitz/Petsana)

NAME	**PORTFOLIO**
Councillor K. Mofokeng	Chairperson Ward Councillor
Sthebe Mbuyiswa	Art and Culture
Mofokeng Nomali Mphuthi Refilwe	Sports

Motaung Manaka	Elderly
Themba Maseko	Religious
Tshabalala Nomvula	Health and Safety
Ntswaki Motaung	Agriculture
Mosibi Keneuwe	CBO
Mosikidi Mantoa Lorraine	Business
Motaung Boitumelo Portia	Women
Sthebe Mbuyiswa	Art and Culture
Mofokeng Nomali Mphuthi Refilwe	Sports

WARD 8

NAME	**PORTFOLIO**
Councillor P. Dhlamini	Chairperson Ward Councillor
Mofokeng Molebatsi	Stakeholder
Moloi Linah	Sports
Majola Nikiwe	Settlement
Radebe Emily	Disability
Mofokeng Nthabileng	Society
Mahlaba Ouma	Education
Mollo Phillipinah Ntsebeng	Unemployment
Mahlakeng Mapule Evodia	Traditional
Motaung Maletsielo Sarah	Health and Safety
Mofokeng Molebatsi	Youth
Moloi Linah	Stakeholder

WARD 9	
NAME	**PORTFOLIO**
Councillor L. Miya	Chairperson Ward Councillor
Mazibuko Mantlomo Lettie	Education
Puseletso Masweu	Tradition
Sekgoto Jankie	Sports
Sophy Nomacala	Arts and Culture
Diau Mokoena	Churches
Makhoba Mphikeledi	Business Forum
Mokoena Maria	Woman
Sonto Mnguni	Health and Safety
Makhoba Lerato	Unemployment
Zondo Mkhulu Petrus	Employment
Mazibuko Mantlomo Lettie	Education

POLITICAL DECISION–MAKING

Decision making within the municipality is guided by its Delegation of Powers and Functions as well as Legislative requirements. All decisions are made by the Council, the Mayor in consultation with the Executive Committee, or senior officials in terms of authority delegated by legislation of authority. The Executive committee also makes recommendations to Council on matters which have not been delegated to it.

The Mayor provides political guidance over the policy, Budget and financial affairs of the Municipality. The Speaker oversees the legislative arm of the municipal Council. The speaker guards the integrity of the legislative process and plays an important role in the oversight that the council must exercise over the actions of the members. The speaker is also responsible to ensure that the Municipality fulfils its public participation responsibilities. All decisions made by council are implemented.

CHAPTER 2:

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The municipality's administrative governance structure intersects with its council governance structures. The Municipal Manager is the Accounting Officer. He is supported by the four functional area structures, including the Audit and Performance Audit Committee, Risk Management Committee. The very important base of our administrative governance structures, however, consists of the following functional area

- Office of the Municipal Manager;
- Department of Corporate Services;
- Department of Technical & Infrastructure Services;
- Department of Community Services
- Department of LED, Tourism and Planning; and
- Department of Finance.

The functional areas are headed by the directors who are appointed on a five-year fixed term in terms of Section 57 of the Local Government: Municipal Systems Act, 32 of 2000, as amended, many of whom contribute to the achievement of the municipality's objectives contained in the municipality's approved Integrated Development Plan 2022/2023, Budget 2022/2023, Service Delivery and Budget Implementation Plan 2022/2023. The directors are responsible for their functional areas and cross functional areas, and responsible for functions highly specific to their functional areas' programmes.

Administrative Leadership

M.M. Sefantsi Municipal Manager October 2020 - October 2022 **S.M Nhlapo** Municipal Manager December 2022- Current	J. Mahamotsa Director LED, Tourism and Planning November 2022- Current
S.M. Nhlapo Director Corporate Services 2018-2022	J.L. Makubu Chief Financial Officer October 2022 - Current

M.P Morokolo Director Technical Services & Infrastructure Development 2018-2023	M.S Letsela Director Community Services 2018-2023

CHAPTER 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41.

Nketoana Local Municipality recognizes the importance of intergovernmental relations to improve service delivery to communities. Success in delivering government services to the nation requires an approach in which the three spheres of government work in partnership in terms of the principles of co-operative government and intergovernmental relations.

Intergovernmental Forums utilised by the Nketoana Local Municipality:

- Premier's Coordinating Forum (MM and Mayor)
- Premier's Coordinating Technical Forum (MM and Technical Managers)
- SALGA: LED Committee, Finance Committee, Corporate Governance Committee
- Province:
- DWA: Bulk Water Committee
- COGTA: Infrastructure Forum
- District: DME and Electricity Forum, LED Forum, Finance Forum, Technical Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Goal 16 of the 2030 Agenda for Sustainable Development calls for the promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all and building effective, accountable, and inclusive institutions at all levels. Section 152 (1) (e) of the Constitution of RSA encourages Local Government to involve communities and community organisations in matters

of Local Government. Section 16 (1) (a) of the Municipal Systems Act encourages Municipalities to create conditions for the local community to participate in the affairs of the Municipality

What is public participation?

Public Participation is a process where the participant gains a better understanding of both the issue and how the others participators see the issue.

It is a structured process where everyone's contribution is combined to produce a better outcome. All affected participants share their fears, experiences, knowledge, preferences, hopes, opinions and values. The participation process becomes successful when it is well planned, well timed, sufficiently staffed and well resourced.

Stakeholders:

The stakeholders in the public participation process refers to people/individuals that have an interest or who will be negatively or positively be affected by a decision, issue or a project.

Stakeholders are individuals or organisations with a concern, an interest, or an investment in a particular issue/project/resource. When identifying stakeholder's priority is given to people that cannot read and write, people with disabilities, women, youth and other disadvantaged groups.

Benefits of public participation:

Despite of the negative impact of load shedding on meeting attendance, public engagements is aimed at the following outcomes:

1. It involves the community: This entails working directly with the public, ensuring that the public concerns are understood and considered

2. It empowers the community: It places the final decision making in the hands of the community

3. Establishing collaboration: The Municipality partner with the public in each aspect of the decision making

4. The community is kept informed: To provide the public with objective information and alternative opportunities/solutions

2.4 PUBLIC MEETINGS

The Municipality involve our communities in its affairs by means of public advertisements of the Integrated Development Plan and Service Delivery and Budget Implementation Plan, as well as its

performance plans, with specific reference to the Annual Report. They also advertise the activities of the Oversight Report and invite participation from their communities.

The community also participate through the structures of the IDP Representative Forum and the annual IDP and budget road shows that we conduct annually. Politicians and managers also conduct public engagement session when major new (or reviewed) by-laws, policies, strategic or sector plans and strategies are considered.

2.5 IDP PARTICIPATION AND ALIGNMENT

The Municipality compiles its IDP in terms of the relevant laws and regulations; implying the following:

- The municipality has identified impact, outcome, input and output indicators
- The IDP contains priorities, key performance indicators and development strategies
- The IDP has short, medium and long-term strategic targets
- The budget is aligned with the performance indicators and targets from the IDP
- The performance agreements of section 56/57 managers are aligned to the IDP
- The IDP indicators and targets are translated into in-year performance indicators and targets through the SDBIP
- The IDP and SDBIP indicators are translated to the public
- A mid-year budget and performance report and an Annual Report were compiled to reflect performance in terms of the IDP and SDBIP.

Persisting challenges that reduce the efficiency of existing community engagement structures and processes include the following:

- The possibility always exist that community members and stakeholders do not turn up for meetings. Various methods of notifying people of the meetings are used to ensure optimum attendance of meetings.
- Covid 19 limited public participation due to social distancing.
- In order to address this, the Municipality make use of virtual platforms and social media to ensure that the public be updated. We make use of Cell phone messages, WhatsApp messages as well as Facebook.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
** Section 26 Municipal Systems Act 2000*	

CHAPTER 2

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Municipality has considerably strengthened its corporate governance capacity with implementation of an Audit Committee and the approval of an Anti-fraud and Corruption Policy.

Corporate governance in the municipality deals with the following elements:

• Risk Management; • Internal Audit;

• Information Communication Technologies;

• Customer Care;

• Integrated Development Planning; and

• Performance Management Systems

Corporate governance is the system of rules, practices, and processes by which organisation is directed and controlled. Corporate governance essentially involves balancing the interests of the organisation's many stakeholders, such as shareholders, management, suppliers, financiers, government, and the community. Since corporate governance also provides the framework for attaining the organisation's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance management measurement and corporate disclosure.

2.6 RISK MANAGEMENT

Accountability is the key to providing a deterrent for fraud and theft. Training limits the opportunity for staff to claim ignorance when policies are being enforced as stated in the Fraud Prevention Plan Strategy. Risk assessment should address both the internal and external environments and they should cover all functions and operations to establish the level, nature, form and likelihood of risk exposure. This is accomplished by the:

• Identification of specific fraud risks that may be present within each operational management unit

• Assessment of the effectiveness of internal controls in force that would tend to impact on the risks identified.

• Determination of an overall risk rating for each risk identified

• Development of strategic measures to counter the impact of each fraud risk in light of individual risk ratings.

A risk management plan has since been compiled; which will inform the internal audit plan of the municipality.

The Municipality has identified the following key risks:

• Global Warming - Unsustainable extraction of freshwater and other human interference with the water cycle are the immediate causes of water scarcity within a river basin as well as reductions in rain falls which will affect the supply of clean water. Increase in air pollution also affects the quality of water. These will ultimately lead to an increase in purification costs.

• Disaster mechanisms shortfalls. The backups of the financial systems are stored on site; no offsite storage of backups is being done. The data that is back up on site is not tested to ensure it can be restored should the need arise.

• Cost recovery: The municipality has not been able to collect all its debts effectively. Consumer debtors amounted to R195 million in the previous financial year. Provision for impairment amounted to R153 million. There has been slow recovery of debts from the consumer. Non-payments could affect the income generation capacity of the entity and threaten the survival of the municipality.

• Roads Infrastructure: Poor condition and poor maintenance of internal roads infrastructure which impact the service delivery.

• The municipality is rendering the fire brigade services. The staff and equipment located at the Head office has to service the whole of Nketoana Area. The municipality however does not have the necessary equipment and staff to render these services.

• There is a shortage supply of bulk water supply in Mamafubedu (Petrus Steyn), Lindley and Arlington which affects the service delivery.

• Water networks need to be upgraded so as to avoid possible water contaminations, spillage of water and improve the quality of drinking water.

• Electricity distribution system is currently operating at full capacity and has to be upgraded in order to accommodate future extensions. Existing low voltage problems experienced will also have to be upgraded in future.

• Storm Water: Almost 70% of all systems in both Reitz and Petsana are not functioning properly which could lead to flooding. The lack of maintenance of existing storm water systems contribute to the problem. The maintenance of existing channels is poor and render the channels ineffective when storm water needs to be controlled.

• The municipality renders services with very old vehicles. Equipment maintenance is done regularly due to the age and vehicles spares are not always available. Consequently, it becomes very costly for the municipality to maintain and service the vehicles.

• Sanitation: VIP toilets in Arlington need to be converted to water bourn systems.

• There is a lack of distribution failures reporting mechanisms. The community may not be informed timeously regarding electricity and water failures.

• Water Affairs Minister red flagged Nketoana Local Municipality as one of the municipalities within the Free State where residents were warned about the conditions of tap water.

Risk Register

The most important risks as stated in the risks register are:

NKETOANA LOCAL MUNICIPALITY RISK REGISTER FOR THE FINANCIAL YEAR 2022/2023

Risk Rating	Description	Risk Score
High (H)	Material control weaknesses that require urgent management action.	15 to 24
Moderate/Medium (M)	Control weaknesses of a serious nature that require management attention in the short term.	8 to 14

Low (L)	These weaknesses do not represent a risk to the environment and can usually be corrected at minimal cost. The resolution of these weaknesses will lead to an improvement in the overall control environment in the long term.	1 to 7

Risk and Control Assessment																					
Directorate	Section	Objective	Risk	Root Cause	Risk Reference number (RRN)	Consequence of the risk (Impact)	Inherent risk exposure				Current controls (mitigation)	Residual risk exposure				Action to improve management of risk	Risk Owner	Progress On Action	Status of current controls (Effective or Ineffective)	% Completed	Target date	Reason for Not reaching Time scale
							Likelihood	Impact	Score	Risk Rating		Likelihood	Impact	Score	Risk Rating							
Financial Services																						
	Budget and reporting	Effective management of finance and development of necessary measures for full accountability and reporting	Annual Budget not made public within 10 days	Lack of management to make public the annual and adjusted budget after it was approved by the council.	**Fin 1**	Non-compliance with section 22(a) (i) of the MFMA will results in matter being reported in the management report.	**4**	**4**	**16**	**high**	Budget circulars	**4**	**3**	**12**	**medium**	Uploading and making public should be part of the Council-approved process plan and monitored through steering committee meetings.	Chief Financial Officer	Annual budget is due for uploading in June and the adjustments budget is due for uploading in March 2023		0%	30-Jun-23	

		Effective management of finance and development of necessary measures for full accountability and reporting	Non-alignment of budget to Integrated Development Plan	Planning in silos; Lack of monitoring; Lack of funding	**Fin 2**	Poor service delivery; Community unrest.	**3**	**4**	**12**	**medium**	Service Delivery and Budget Implementation Plan is compiled as a link between IDP and the Budget	**3**	**4**	**12**	**medium**	IDP and budget process plans should be integrated and monitored through the respective committees for final alignment	Chief Financial Officer	Process plans are being implemented via steering committee meetings		50%	30-Jun-23	
		Effective management of finance and development of necessary measures for full accountability and reporting	Use of conditional grants for purposes other than those intended for	lack of monitoring of grants spending and using funds received for grants for other expenditure	**Fin 3**	Poor service delivery; Community unrest.	**5**	**4**	**20**	**high**	Municipal budget is prepared each financial year. Before procurement budget office allocate budget available for every procurement that is to take place	**4**	**4**	**16**	**high**	Municipality should engage creditors who have been owed by the municipality for a long time to avoid situations where Creditors attach municipal assets, i.e bank account	**Chief Financial Officer**				31-Mar-23	

	Asset Management	Effective management of finance and development of necessary measures for full accountability and reporting	Failure to barcode all movable assets.	Oversight by management in not ensuring that all purchased assets is barcoded.	**Fin 3**	This matter could result in an incomplete fixed asset register	**3**	**4**	**12**	**medium**	asset count done annually				**medium**	The asset unit should be informed of all additions via the IT and SCM units and an audit trail be created to ensure no barcoding omissions take place.	**Chief Financial Officer**	Currently only verbal instructions for tagging are received by the B&R unit.		90%	30-Jun-24	
		Effective and efficient management of municipal resources	Failure to ensure that municipal assets are safeguarded	Asset count is not performed and reconciled to the asset register on a regular basis. Asset custodian forms are not issued to each office and custodian.	**Fin 4**	Assets could easily be removed without any trace due to lack on internal control	**4**	**4**	**16**	**high**	CCTV cameras and security guards at some municipal properties	**3**	**4**	**12**	**medium**	Cameras and deploying of security at vulnerable and critical infrastructure points.	Chief Financial Officer	Not yet implemented and loadshedding has resulted in an increase in vandalism and theft of infrastructure assets.		0%	30-Jun-24	

		Effective management of finance and development of necessary measures for full accountability and reporting	Assets physically verified could not be found on the asset register	This is due to the fact that an asset count and/or verification is not performed and reconciled to the asset register on a monthly or regular basis.	Fin 5	Movable assets in the annual financial statements could be understated	3	4	12	medium	Official responsible for assets tag new assets and record them on the asset register	2	3	6	low	Asset verifications include completeness and existence checks and differences should be cleared before the next verification takes place.	Chief Financial Officer	Annual verification was completed in November 2022.		100%	30-Jun-23	
	Expenditure Management	Ensure transaction are recorded in the correct accounting period	Failure to record transactions of service rendered in the correct accounting period	Lack of Management oversight to implement effective internal controls to ensure that transactions for services rendered in the current financial are recognised	Fin 6	Trade payables could be understated	4	5	20	high	upon delivery suppliers submit invoices and GRN then creditors clerk capture the invoices	4	3	12	medium	The management must ensure that the transaction is recorded as it occurs, to avoid the understatement of the trade payables	Chief Financial Officer					

		Ensure that creditors reconciliations are done monthly	Failure to record all invoices for interests in the GL (i.e. Eskom invoices)	lack of monthly reconciliation of supplier's statements	Fin 7	understatement of interest	4	4	16	high	Senior Creditors clerks capture invoices received	4	3	12	medium	The expenditure section must record the invoices on the system, to avoid under or over statement of the payables	Chief Financial Officer					
		Ensure that creditors' reconciliation is performed for all suppliers and reviewed by a senior official	Failure to identify differences between the suppliers statements and age analysis	Creditors' reconciliation is not performed on all suppliers and differences identified are not followed up between suppliers' statement and age analysis	Fin 8	The balance of the trade payable to the financial statement might be overstatement which could result in a projected error	5	4	20	high	Monthly creditors reconciliation performed	4	3	12	medium	The expenditure section must request the suppliers statement, and reconcile the suppliers statement with the invoice.	Chief Financial Officer					

		Ensure payments are made to creditors within 30days as per MFMA	Inability to pay creditors within legislated period.	Lack of management controls; Insufficient funds available	Fin 9	Suppliers may refuse to provide municipality with credit; Increased fruitless/wasteful expenditure.	5	4	20	high	Creditors are paid every Thursday provided that all necessary documents are provided and that municipality has money to pay	4	4	16	high	Management must ensure that creditors are paid within 30 days as it is stipulated by the legislation.	Chief Financial Officer					
		Ensure proper filing and safeguarding of documents	Loss of supporting documents for payments made.	Poor filing and communication between SCM, Expenditure and Registry	Fin 10	Failure to provide supporting documents for audit purposes; Audit qualification.	4	5	20	high	supporting documents are properly filed and access is restricted to files	4	5	20	high	All payments vouchers are being stored on the strong room for audit purpose.	Chief Financial Officer					
		Ensure that payments made are accurate (i.e. the correct amount is payed to the correct supplier's account)	Payments made for goods not received or services not rendered	Neglegence by officials; Lack of management checks; Non performance of expenditure reconciliations	Fin 11	Fraud and Corruption; Financial loss; Audit qualification	5	4	20	high	Payments are made against orders and delivery notes; Creditors reconciliations are performed on monthly bases.	4	4	16	high	Investigation must be made,report must be submitted to MPAC,and council must make resolution.	Chief Financial Officer					

		Ensure all transaction are recorded in the correct accounting period	Expenditure related to petty cash not accounted for in the financial statements	Management not implementing controls over the effective review of the annual financial statement to ensure the proper recording of expenditure relating to petty cash	**Fin 12**	cash and cash equivalent mistatement	**5**	**5**	**25**	**high**										
	Payroll		Scope limitation with regard to documents supporting paid standby allowances	Lack of management oversight to ensure proper record keeping		Audit Qualification	**5**	**4**	**20**	**high**	Documents are filed in employee files	**5**	**4**	**20**	**high**	investigate the whole population of employee files to confirm whether it is supported by sufficient appropriate audit evidence						

			Overtime and Standby incorrectly calculated	Lack of review of the overtime and standby records captured to ensure the accuracy and completeness thereof		Audit Qualification	5	4	20	high	VIP System calculate amount of overtime and standby to be paid	5	4	20	high	Continous review of the overtime and standby to ensure amounts paid are correct						
	Supply Chain Management	Ensure compliance with policies, regulations and legislations	Goods and services may deliberately be split into parts or items of a lessor value	Lack of oversight from management on the processes followed.	Fin 12	Irregular Expenditure	4	4	16	high	SCM Unit check requests to avoid split of qoutations	4	3	12	medium	Management must ensure that tenders are not splitted to avoid irregular expenditure.	Chief Financial Officer					
		Ensure compliance with policies, regulations and legislations	Failure to advertise competitive bids for at least 30 days	Lack of oversight from management to ensure adherence to legislation.	Fin 13	Irregular Expenditure	4	4	16	high	SCM Policy and Regulations	4	3	12	medium	Management must ensure that the competitive bidders are being advertised for 30 days, to avoid irregular expenditure	Chief Financial Officer					

		Effective management of finance and development of necessary measures for full accountability and reporting	Failure to obtain at least three written quotations when procuring goods or services	Lack of management oversight to ensure that SCM regulations are adhered to.	**Fin 14**	Irregular Expenditure	**5**	**4**	**20**	**high**	SCM Policy and Regulations	**4**	**4**	**16**	**high**	SCM section must ensure that three quotes are obtained, failure to do sosuch transaction must be taken to section 32 or MPAC and ultimately to council for condonment.	Chief Financial Officer					
		Ensure compliance with policies, regulations and legislations	Awards not advertised for at least 7 days on the website and an official notice board of the municipality	Lack of oversight from management to ensure that adherence is given to all compliance matters	**Fin 15**	Non-compliance to paragraph 18(a) of the SCM regulations.	**5**	**4**	**20**	**high**	SCM Policy and Regulations	**4**	**4**	**16**	**high**	Awards are being advertised for seven days to avoid irregular and fruitless expenditure.	Chief Financial Officer					

		Effective management of finance and development of necessary measures for full accountability and reporting	incomplete irregular expenditure register	Lack of review mechanisms by management	Fin 16	understatement of Irregular expenditure resulting in audit qualification	5	4	20	high	SCM Unit maintains register for irregular expenditure	4	4	16	high	Provincial Treasury to help the municipality on investigation of UIFW	Chief Financial Officer					
		Ensure compliance with policies, regulations and legislations	procurement of goods or services without prior approval or authorization	poor planning and absence of departmental procurement plan	Fin 17	unauthorised expenditure possibly leading to qualified audit opinion	5	3	15	high	SCM unit require approved requisition form before sourcing qoutations	3	3	9	medium	SCM process must be followed from the requisition until to payment to ensure UIFW.	Chief Financial Officer					
		Ensure compliance with policies, regulations and legislations	Reasonabe steps not taken to prevent UIFW Expenditure	Management not reviewing and monitoring compliance with applicable laws and regulations		Audit Qualification. Loss of assets. Delay in service delivery	5	5	25	high	SCM Policy and Regulations	4	4	16	high							

	Revenue	To improve the financial viability of the municipality	Consumer consumption not measured	Broken meters not replaced Sites without meters Poor meter readings	**Fin 18**	incomplete billing and loss of revenue	**5**	**4**	**20**	**high**	Finance department submit a list of broken water meters to Technical to replace water meters	**4**	**3**	**12**	**medium**	Funding required to purchase water meters. Frequent sites audit performed	Technical Department					
			Meter reading not consistently done	insufficient meter readers	**Fin 19**	incomplete billing and loss of revenue	**4**	**4**	**16**	**high**	Technical officials assisting with the meter reading	**4**	**4**	**16**	**high**	Tender has been advertised to appoint the consultants who will be responsible for collection and dealing with site audit.	Chief Financial Officer & Director Technical Service	The service departments started reading the meters.				

			incomplete sites information	no sites audit was done and the financial system was not updated	Fin 20	incomplete billing and loss of revenue	5	4	20	high	Revenue enhancement strategy.	4	3	12	medium	Tender has been advertised to appoint the consultants who will be responsible for collection and dealing with site audit.	Chief Financial Officer					
			Non recovery of potential revenue	Lease agreements not renewed	Fin 21	incomplete billing and loss of revenue	4	4	16	high	Corporate services must ensure renewal of lease agreements and submit information to Revenue section	4	3	12	medium	Corporate services must renew all lease agreements and revenue must bill accordingly	Director Corporate Service, Chief Financial Officer & Manager					

			Not Paying creditors timely	Cash flow Constraints	Fin 22	Non supply of statements and poor service delivery(selling of electricity)	4	4	16	high	Creditors should be paid within 30 days in accordance with the mfma	3	3	9	medium	Ensure that our budget is cash based to ensure proper cash flow and timely payment of creditors	MM, Chief Financial Officer & Manager Expenditure					
			Increase of collection of debt	Incomplete implementation of credit control and debt collection processes & lack of leadership assistance	Fin 23	Loss of potential revenue	5	4	20	high	Credit control and debt collection policy and by-law	4	4	16	high	Tender has been advertised to appoint the consultants who will be responsible for collection and dealing with site audit.	Municipal Manager & Chief Financial Officer Director Corporate Services					

			Inadequate security provision at cashiers	Existing security equipment is not functional(cameras)	Fin 24	Loss of revenue	5	4	20	high	Security systems were installed but are not currently operational. Cashiers operates in locked offices. Security personnel	4	3	12	medium	Funds should be available so that security systems can be replaced to comply with related legislation. Review and implementation of revenue enhancement strategy	Chief Financial Officer & Director Corporate Service					

The terms fraud and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act,
- Forgery or alteration of any document, or account belonging to a customer,
- Forgery or alteration of a cheque, bank draft, or any other financial document,
- Misappropriation of funds, securities, supplies, or other assets,
- Impropriety in the handling or reporting of money of financial transactions,
- Accepting or seeking anything of (material) value from vendors or persons providing services/materials to the council (exception: perishable gift less than R100.00 in value intended for a group of employees, such as, (candy, flowers), and which are disclosed. Destruction or disappearance of records, furniture, fixtures, or equipment, Disclosing to outside person's security arrangement and procedures.
- Irregularities with procurement.

The Municipality has adopted a Fraud Prevention Plan Strategy, which touch on the following matters:

- Nketoana Local Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion.
- Consequently, Nketoana Local Municipality is committed to fighting fraudulent behaviour at all levels within the organization.
- The Plan is premised on the organizations core ethical values driving the business of
- Nketoana Local Municipality, the development of its systems, policies and procedures, the public and other stakeholders, and even decision-making by individual managers representing the organization. This means that in practice all departments and other business units of Nketoana Local Municipality and even external stakeholders must be guided by the plan as the point of reference for their conduct in relation to Nketoana Local Municipality.
- In addition to promoting ethical conduct within Nketoana Local Municipality, the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.

This dynamic document details the steps, which have been, and will continually be taken by Nketoana Local Municipality to promote ethical conduct and address fraud and corruption.

The municipality has further also introduced the following measures to combat fraud and corruption in its ranks:

- Nketoana Local Municipality has created an Internal Audit Unit, which will include anticorruption capacity under the guidance of an Audit Committee. In terms of its Charter, the primary role of the Audit Committee will be to:
- Evaluate the performance of internal audit;
- Review the internal audit function's compliance with its mandate as approved by the Audit Committee;
- Review and approve the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
- Review significant differences of opinion between management and internal audit function;

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD PLAN FOR NKETOANA LOCAL MUNICIPALITY

- Evaluate the independence and effectiveness of internal auditors; and
- Review the co-operation and co-ordination between the internal and external audit function and coordinating the formal internal audit work plans with external auditors to avoid duplication of work.

The anti-corruption capacity within Nketoana Local municipality will be responsible for the investigation of allegations of fraud and corruption that is brought to its attention. Additionally, it will support the risk management procedures from a fraud risk identification perspective.

Nketoana Local Municipality recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Plan. Where managers are found to be slow in addressing internal control and shortcomings raised by Internal Audit, firm action will be considered.

- Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.
- Nketoana local Municipality is also the subject of annual external audits. These audits include the following tasks:
- Examining evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

2.8 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit, through consultations with other relevant stakeholders had to ensure that the Supply Chain Management Policy of the municipality is implemented optimally and reviewed regularly to ensure compliance to Constitution of South Africa, Municipal Finance Management Act, 56 of 2003, Municipal Regulations and any other relevant legislations. The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive and cost-effective. The Council implemented a Supply Chain Management policy and system. The policy regulates the procurement of goods and services for the municipality; as well as the management of and control over major municipal assets.

2.9 WEBSITES

The municipality's web-site at www.nketoana.fs.gov.za is managed by Free State Treasury office. The website is semi -functional. Municipal administrators have limited administrative powers and have always contact Treasury office for assistance and to implement changes on the website.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents		
All current budget-related policies		
The previous annual report (Year -1)		
The annual report (Year 0) published/to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards		
All service delivery agreements (Year 0)		
All long-term borrowing contracts (Year 0)		
All supply chain management contracts above a prescribed value (give value) for Year 0		
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1		
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section		
Public-private partnership agreements referred to in section 120 made in Year 0		
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0		
Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.		*T 2.10.1*

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

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

INTRODUCTION

According to the Constitution of the Republic of South Africa 1996 Section 152 (1) (b) Nketoana Local Municipality as part of its primary objectives, has a responsibility to provide basic services to public/constituents, in a manner that is sustainable and that meets their needs.

The Municipality has to ensure that its communities are at least provided with basic services they require. The services that are provided by the municipality in partnership with other spheres of government are:

- Water supply
- Waste Water (Sanitation)
- Waste Management (Refuse removal)
- Electricity
- Municipal roads and storm water drainage
- Municipal parks and recreation.

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. These services have a direct and immediate effect on the quality of the lives of the people in the community.

ANNUAL PERFORMANCE REPORT 2022-23

1. KPA : MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE 2021-2022	2022/2023 Quarterly performance				ACTUAL ANNUAL PLANNING	ACTUAL ANNUAL ACHIEVED	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
FIN 1	Prepare and submit monthly Sect. 71 reports to the Mayor and Provincial treasury within 10 working days	**Number of Sect. 71 reports prepared and submitted to the Mayor by 30 June 2023**	12 Sect. 71 Reports	**3 Sect. 71 Report**	**3 Sect. 71 Report**	**3 Sect. 71 Report**	**3 Sect. 71 Report**	**12 Sect. 71 reports submitted**	**12 Sect. 71 Reports submitted**	**YES**	**12 Section 71 reports**	**N/A**	**N/A**	**CFO**
FIN 2	Prepare and timeously submission of the AFS to AGSA by the set statutory period (31 August 2023)	**Number of AFS prepared and timeously submitted to AGSA by 31 August 2023**	2021/2022 AFS	**AFS submitted to AGSA on 31 August 2022**	**N/A**	**N/A**	**N/A**	**1 AFS prepared and submitted to AGSA by 31 August 2023**	**2022-2023 AFS submitted to AGSA by August 2022**	**YES**	**AFS Proof of submission**	**N/A**	**N/A**	**CFO**
FIN 3	Prepare and submit Adjustment budget for approval by council by 28 February each year	**Number of Adjustment Budget prepared and approved by Council by 28 February2023**	1 2021/2022 Adjustment Budget	**N/A**	**N/A**	**Management Consultation and adjustment preparation and submission to council for approval**	**N/A**	**1 Adjustment Budget prepared and submitted to council by 28 February 2023**	**1 Adjustment budget submitted to council on 28 February 2023**	**YES**	**Agenda for management Meeting Consultations Adjusted Budget, Council Resolution**	**N/A**	**N/A**	**CFO**
FIN 4	Prepare and submit mid-year performance assessment report on implementation	**Number of mid-Year performance Assessment report prepared and submitted to**	2021/2022 Mid-year financial performance		**N/A**	**Mid- year Financial performance assessment report prepared**	**N/A**	**1 Mid-year financial performance Assessment report prepared and**	**1 Mid-year Financial performance assessment report submitted to**	**YES**	**Mid-year financial Performance assessment Report (Section 72) ,**	**N/A**	**N/A**	

	of the budget by 25 January of each year to Council and Provincial and National Treasury	**council and relevant treasury by 25 January 2023**	assessment report prepared and submitted by 25 January 2022	**N/A**		**and submitted to council by 25 January 2023**		**submitted to council by 25 January 2022**	**council on 25 January 2023**		**Council Resolution , proof of submission to relevant treasury**			**CFO**
FIN 5	Review of the Revenue Enhancement Strategy	**Number of status reports on the implementation of the revenue enhancement strategy by 30 June 2023**	New	**N/A**	**N/A**	**1 Strategy development**	**N/A**	**Revised/ Reviewed Revenue Enhancement Strategy by 30 March 2023**	**None – Revenue Enhancement Strategy was not reviewed**	**NO**	**N/A**	**None availability of members (scheduled meetings)**	**Ensure availability of members**	**CFO**
FIN 6	Report on Indigents registered	**Number reports on the number of indigents by 30 June2023**	Number of indigents reports	**1 report on number of indigents**	**1 report on number of indigents**	**1 report on number of indigents**	**1 report on number of indigents**	**4 reports on number of indigents 30 June 2023**	**4 Reports on number of indigents registered**	**YES**	**Quarterly reports**	**N/A**	**N/A**	**CFO**
FIN 7	Billing Reports for Water, Refuse, Rates and sanitation	**Number of Monthly billing reports compiled on Water provision, Sanitation Provision, and Refuse by 30 June 2023**	Number of billing reports	**3 Billing reports**	**3 Billing reports**	**3 Billing reports**	**3 Billing reports**	**12 Monthly billing reports compiled by 30 June 2023**	**12 billing reports compiled on 30 June 2023**	**YES**	**Signed Billing Reports**	**N/A**	**N/A**	**CFO**
FIN 8	Collection Rate	**% of Monthly Collection Rate achieved by 30 June 2023**	42% Collection rate	**49 % monthly collection rate**	**49 % monthly collection rate**	**49 % monthly collection rate**	**49 % monthly collection rate**	**average collection rate 35.12%. Average current year collection rates 46.77 %**		**PARTIALLY ACHIEVED**	**Collection Reports**	**Macro-economic conditions**	**Revenue enhancement strategy to be reviewed**	
FIN 9	Supply Chain Implementation reports	**Number of Supply Chain Implementation Reports**	**SCM Reports**	**1 X SCM Implementation Report**	**1 X SCM Implementation Report**	**1 X SCM Implementation Report**	**1 X SCM Implementation Report**	**4 Supply Chain Implementation Reports submitted to**	**4 SCM implementation reports**	**YES**	**SCM Reports Proof of submission**	**N/A**	**N/A**	

		submitted to Council by 30 June 2023						**Council by 30 June 2023**	**submitted on 30 June 2023**		**to mayor and treasury**			**CFO**
FIN 9(b)	Supply Chain monthly reports	**Number of SCM reports submitted Monthly**	**SCM reports**	**3x SCM reports**	**3x SCM reports**	**3x SCM reports**	**3x SCM reports**	**12 Monthly SCM reports**	**12 SCM reports submitted on 30 June 2023**	**YES**	**SCM monthly reports Proof of submission**	**N/A**	**N/A**	**CFO**
FIN 10	Develop and update UIFW Register	**Number of UIFW Register developed and updated by 30 June 2023**	**1 up to date UIFW Register**	**N/A**	**N/A**	**N/A**	**Updated UIFW Register**	**1 UIFW Register updated by 30 June 2022**	**1 updated UIFW Register**	**YES**	**UIFW Register**	**N/A**	**N/A**	**CFO**

2. KPA: LOCAL ECONOMIC DEVELOPMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4						
LED 1	**Creating employment opportunities**	Number of employment opportunities created on 30 June 2023	New	**N/A**	**N/A**	**N/A**	**5 employment opportunities created**	**employment opportunities created by June 2023**	**YES**	**5 businesses created Photos**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 2	**Review and approval of LED strategy**	Number of reviewed and approved LED strategy on June 2023	New	**N/A**	**N/A**	**N/A**	**1 LED Strategy review and approved**	**1 LED Strategy reviewed and approved**	**YES**	**LED strategy Council Resolution**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 3	**Project support and streamlining of opportunities to SMME's**	Number of socio-economic development opportunities identified and	New			**2 socio-economic development opportunities identified**	**2 socio-economic development opportunities identified**	**4 socio-economic development opportunities identified and facilitated**	**YES**	**SMME's applications Reports of Workshops and registers**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**

		facilitated streamlining to SMME's on June 2023				**and facilitated streamlining to SMME's**	**and facilitated streamlining to SMME's**	**streamlining to SMME's by June 2023**					
LED 4	**Review and approval of the Tourism Strategy/Plan**	Number of reviewed tourism strategy/plan by 30 June 2023	New	**N/A**	**N/A**	**N/A**	**1 Tourism strategy reviewed and approved**	**1 Reviewed and approved tourism strategy / plan by 30 June 2023**	**NO**				
LED 5	**Review and approval of the SDF**	Number of SDF reviewed and approved by Council by 30 June 2023	Outdated SDF	**N/A**	**N/A**	**1 SDF review and council approval**	**N/A**	**1 SDF reviewed and approved by council by 30 June 2023**	**YES**	**Review SDF , Council Resolution**	**N/A**	**N/A**	
LED 6	**Percentage of Land Development / Use Applications received and addressed .**	Percentage of land use applications received and addressed by 30 June 2023	New	**100% of land uses applications received and assessed**	**100% of land uses applications received and assessed**	**100% of land uses applications received and assessed**	**100% of land uses applications received and assessed**	**100% of land use applications received and addressed by 30 June 2023**	**PARTIALLY ACHIEVED**	**Review SDF, Council Resolution Register of land use, Report**	**Q1&beginning of Q2 there was no director and building inspector**	**Q3&Q4 the vacancies were filled and the indicators were attended to and achieved**	**LED, TOURISM & PLANNING**
LED 7	**Percentage of Submitted building plans assessed timeously**	Percentage of building plans applications received and addressed by 30 June 2023	New	**N/A**	**N/A**	**100% of building plans applications received and assessed**	**100% of building plans applications received and assessed**	**100% of building plans applications received and addressed by 30 June 2023**	**PARTIALLY ACHIEVED**	**Building plans register**	**Q1& beginning of Q2 there was no director and building inspector**	**Q3&Q4 the vacancies were filled and the indicators were achieved**	**LED, TOURISM & PLANNING**

3. KPA: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT	ACTUAL ANNUAL ACHIEVEMENTS	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
COR 1	**Annual revision of organizational structure**	Number of organizational structures revised in June 2023	1 Approved Organizational Structure 2021/2022	**N/A**	**N/A**	**1 Staff structure revised**	**N/A**	**1 Staff structure revised by June 2023**	**1 Staff structure revised**	**YES**	**Reviewed Organizational Structure, Minutes /invites for consultations, Council Resolution**	**N/A**	**N/A**	**CORP. SERVICES**
COR 2	**Development of job descriptions**	Number of job description developed and signed by employees in June 2023	New	**N/A**	**N/A**	**N/A**	**460 Job Descriptions updated and signed**	**460 Job Descriptions Updated and Signed by 30 June 2023**	**460 Job descriptions updated**	**YES**	**Signed Job Descriptions, Printed Report**	**N/A**	**N/A**	
COR 3	**Development of (WSP) and Annual Training Report (ATR)**	Number of Work Skills Plan (WSP) & Annual Training Report (ATR) Developed and submitted to LGSETA by 30 April 2023	1 WSP and ATR Submitted	**Collect the Skills Audit Forms from departments and Consolidate**	**Development of the Draft Work Skills Plan (WSP) and Annual Training Report (ATR) & Consultation Process**	**Submission Development of Work Skills Plan (WSP) and Annual Training Report (ATR)and submit to LGSETA on or before 30 April 2023**	**Submission of Work Skills Plan (WSP) and Annual Training Report (ATR)and submit to LGSETA on or before 30 April 2023**	**1 WSP and ATR Developed and submitted the to LGSETA by 31 May 2023**	**1 WSP and ATR developed and submitted to LGSETA**	**YES**	**WSP, ATR Proof of Submission to LGSETA**	**N/A**	**N/A**	**CORP. SERVICES**
COR 4	**Compilation and submission of the annual**	Number of compiled and submitted annual employment equity plans on 30 June 2023	2021/22 employment equity plan	**N/A**	**N/A**	**N/A**	**1 compiled and submitted annual employment equity plan**	**1 compiled and submitted annual employment**	**1 Annual employment equity plan compiled and submitted**	**YES**	**1 compiled and submitted annual employment equity plan by June 2023**	**N/A**	**N/A**	**CORP. SERVICES**

	employment equity plan							**equity plan by June 2023**						
COR 5	**Development and approval of the HR strategy**	Number of developed and approved HR strategy on 30 June 2023	New	**N/A**	**N/A**	**N/A**	**1 developed and approved HR Strategy**	**1 developed and approved HR Strategy by June 2023**	**1 HR strategy developed and approved by council**	**YES**	**Approved HR Strategy Council resolution**	**N/A**	**N/A**	**CORP. SERVICES**
COR 6	**Review and approval of HR Policies**	Number of HR polices Reviewed and Approved by 30 June 2023	New	**N/A**	**N/A**	**N/A**	**4 HR Polices Reviewed and Approved by 30 June 2023**	**HR Policies Reviewed and Approved by 30 June 2023**	**HR policies reviewed and approved**	**YES**	**Reviewed and Approved HR Policies, Council Resolution, Consultations Circulars**	**N/A**	**N/A**	**CORP. SERVICES**
COR 7	**Target groups employed as per the employment equity plan in the three highest levels of management**	Number of people employed as targeted groups (employment equity plan) by June 2023	New	**N/A**	**N/A**	**N/A**	**1 African male and 1 female employed by June 2023 in the highest level of management position.**	**N/A**	**No employment of senior management was done in the 2022/23 FY**	**NO**	**N/A**	**Post advert Employment contract of individuals appointed**	**Adverts for senior management is done and awaiting shortlisting – July 2023**	**CORP. SERVICES**
COR 8	**Litigations**	% of litigation cases attended (# of cases attended /# of cases received) by 30 June 2023	2021/2022 Litigation Register	**100% cases attended (# of cases attended /# of cases received)**	**100% cases attended (# of cases attended /# of cases received)**	**100% cases attended (# of cases attended /# of cases received)**	**100% cases attended (# of cases attended /# of cases received)**	**100% of litigation cases attended (# of cases attended /# of cases received) by 30 June 2023**	**Litigation register and expenditure report was submitted**	**YES**	**Litigations Registers, Expenditure Report**	**N/A**	**N/A**	**CORP. SERVICES**
COR 9	**Local Labour Forum Meetings**	Number of LLF meetings held by 30 June 2022	12 LLF meetings	**3 LLF Meeting**	**3 LLF Meeting**	**3 LLF Meeting**	**3 LLF Meeting**	**12 LLF meetings held by 30 June 2023**		**PARTIALLY ACHIEVED**	**Attendance Registers and notice & minutes**	**Lack of quorums**	**Issue out notices of meetings on time**	**CORP. SERVICES**

COR 10	**OHS internal Inspections**	Number of OHS Inspections conducted by 30 June 2023	4 OHS internal Inspections on 30 June 2023	**1 OHS Inspection conducted**	**1 OHS Inspection conducted**	**1 OHS Inspection conducted**	**1 OHS Inspection conducted**	**4 OHS Inspections conducted by 30 June 2023**	**No OHS inspections conducted by 30 June 2023**	**NO**	**N/A**			**CORP. SERVICES**
COR 11	**Implementation of electronic records management system.**	Successful migration from manual to electronic records management system.	Existence of system.	**N/A**	**N/A**	**N/A**	**Successful migration from manual to electronic records management system.**	**Implementation of electronic records management system by 30 June 2023,**	**No records management electronic system was implemented by 30 June 2023**	**NO**	**N/A**			**CORP. SERVICES**
COR12	**Delivery of Council and ExCo Notices of Meetings to Councillors.**	Delivery of Notices within the stipulated timeframes in the Standing Rules and Orders.	Delivery of Notices as per Standing Rules and Orders.	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Delivery of Notices of Meetings to Councillors in compliance with Standing Rules and Orders by 30 June 2023.**	**Notices of meetings were delivered and signed for as per schedules**	**YES**	**Signed registers of receipt of Notices of Meetings by Councillors**	**N/A**	**N/A**	**CORP. SERV**
COR 13	**Allocation of fleet to departments.**	Delivery and receipt of fleet by departments	Allocation of fleet to various departments.	**N/A**	**N/A**	**N/A**	**Allocation of fleet to various departments.**	**Proper allocation of fleet to departments by June 2023**	**Fleet was allocated to the relevant departments and signed for**	**YES**	**Signed receipts of registers of fleet allocated to departments.**	**N/A**	**N/A**	**CORP. SERV1**

4. KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT	ANNUAL ACTUAL ACHIEVED	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
MM 49	**Develop, Review and approve the Municipal IDP as per approved process plan**	Number of IDP reviewed and approved by council by 30 June 2023	1 IDP Reviewed and approved	**Develop and approved IDP/Budget Process plan**	**Conduct Public Participation and Consultations**	**Conduct Public Participation Consultation**	**Submission and approval of the IDP/Budget**	**Reviewed and Approved the IDP by 30 June 2023**	**1 reviewed IDP document for 2022/23**	**YES**	**Approved IDP, Council Resolution, Approved Process Plan, Attendance registers of Public Participation and consultation**	**N/A**	**N/A**	**Municipal Manager**
MM 50	**Develop and Approve the 2022/2023 SDBIP**	Number of SDBIP Developed and approved by the Mayor by 30 June 2023	1 SDBIP Approved	**N/A**	**N/A**	**N/A**	**1 2022/2023 SDBIP Developed and approved**	**1 2022/2023 SDBIP developed and approved by 30 June 2023**	**1 2022/23 SDBIP developed and approved**	**YES**	**Approved 2022/2023 SDBIP**	**N/A**	**N/A**	**Municipal Manager**
MM 51	**Develop and sign the Performance agreements for MM Section 56 Managers**	Number of Performance Agreements developed and signed by 30 June 2023	5 Performance agreements developed and signed (2021/2022)	**N/A**	**N/A**	**N/A**	**6 Performance Agreements developed and signed**	**6 Performance Agreements developed and signed by 30 June 2023**	**6 performance agreements signed**	**YES**	**Signed 2023/2024 performance agreements (MM & Sect. 57)**	**N/A**	**N/A**	**Municipal Manager**
MM 52	**Organizational Performance Reports**	Number of organisational performance reports developed and submitted to Council by 30 June 2023	5 organizational performance reports	**2 reports (4th 2021/22 quarter performance report, 2020/21 Annual Performance Report)**	**1 report (1st quarter 2022/23 report)**	**3 Reports (2nd quarter 2022/23 report, Mid-Year Budget and Performance Assessment Report 2022/2023, Draft Annual Report 2020/2021)**	**1 report (3rd quarter 2022-23 report**	**07 organizational performance reports developed and submitted to Council by 30 June 2023**	**7 organisational performance reports developed and submitted to council**	**YES**	**Quarterly Institutional Performance report , Council Minutes/Resolutions , Audit Committee Minutes , APR , midyear**			**Municipal Manager**

											Assessment Reports, Annual Reports			
MM 53	**Develop and submit Annual Performance Report**	Number of Annual Performance reports developed and submitted to the AG by 31 August 2023	1 APR report Submitted	**N/A**	**N/A**	**N/A**	**1 APR Report Developed and Submitted**	**1 APR Report Developed and Submitted to AG by 31 August 2023**	**1 APR document submitted to AG**	**YES**	**Proof of submission to AG**	**N/A**	**N/A**	**Municipal Manager**
MM 54	**Conduct Performance appraisals for MM and Section 56 Managers**	Number of Formal Performance Appraisals for MM and Section 56 Managers Conducted by 30 June 2023	Performance appraisals conducted	**N/A**	**N/A**	**1 Performance Appraisals/ Evaluation Conducted**	**N/A**	**1 Formal Performance Appraisals for MM and Section 56 Managers Conducted by 30 June 2023**	**No assessments were conducted**	**NO**	**N/A**	**Non-availability of the members**	**Ensuring availability of members in the last quarter of the 2022/2023 Financial year**	**Municipal Manager**
MM 55	**Develop and submit Mid-year performance assessment Report**	Number of Mid-Year performance Assessment report developed and submitted to council by 30 June 2023	1 Mid-year assessment report submitted	**N/A**	**N/A**	**1 Mid-year Performance Assessment Report submitted to council**	**N/A**	**1 Mid-Year performance Assessment report developed and submitted to council by 30 June 2023**	**1 mid-year performance assessment report was submitted to council**	**YES**	**Mid-year Performance Report, Council Resolution**	**N/A**	**N/A**	**Municipal Manager**
MM 56	**To table Oversight Report to Council**	Number Oversight Report prepared and submitted to Council by 31 March 2023	Oversight Report	**N/A**	**N/A**	**MPAC oversight Meetings and Consultation process Annual Report Tabled in Council**	**N/A**	**Oversight Report tabled to Council by 31 March 2023**	**No oversight report was tabled to council**	**NO**	**N/A**	**Non-sitting of the committee**	**Adherence to the schedule of dates and ensure availability of members**	**Municipal Manager**

MM 57	**Development and approval of Risk Management Policies and strategy**	Number of Risk Management policies developed and approved by council by 30 June 2023	1 Risk Management Policy Approved	**N/A**	**N/A**	**N/A**	**1 Risk Management Policy developed and Approved**	**1 Risk Management policy developed and approved by council by 30 June 2023**	**No risk management policy was developed and approved**	**NO**		**Lack of management oversight**	**The risk management policy has been approved by risk management committee on the 10 July 2023**	**Municipal Manager**
MM 58	**Conduct Risk Assessments**	Number if Risk Assessments conducted by 30 June 2023	1 Risk Assessment Conducted	**N/A**	**N/A**	**1 Strategic risk assessment**	**N/A**	**1 Strategic risk assessment**	**No strategic risk assessment conducted**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently**	**Municipal Manager**
MM 59	**Coordinate Risk Management Committee Meetings**	Number of Risk management committee meeting held by 30 June 2023	4 meetings conducted	**1 Meeting held**	**1 Meeting held**	**1 Meeting held**	**1 Meeting held**	**4 RMC meetings held by 30 June 2023**	**No RMC meetings were held as scheduled**	**NO**	**N/A**	**Lack of management oversight**	**Adherence to risk management committee schedules**	**Municipal Manager**
MM 60	**Compile and submit Risk Management Reports**	Number of Risk Management Reports issued by 30 June 2023	4 Reports issued	**1 report issued**	**1 report issued**	**1 report issued**	**1 report issued**	**4 Risk management reports issued by 30 June 2023**	**No risk management reports were issued**	**NO**	**N/A**	**Unavailability of risk management committee members**	**Members to adhere to Risk Management Implementation plan and schedules**	**Municipal Manager**

MM 61	**Develop and approved Fraud prevention policy or plan**	Number of fraud prevention policy/plan developed and approved by council 30 June 2023	1 Fraud Prevention Policy/plan Approved	**N/A**	**N/A**	**N/A**	**1 Fraud Prevention Policy Approved**	**1 Fraud Prevention Policy/plan approved by council 30 June 2023**	**No Fraud prevention policy / plan was approved**	**NO**	**N/A**	**Lack of management oversight**	**The fraud prevention policy has been approved by risk management committee on the 10 July 2023 (2023-2024 Q1)**	**Municipal Manager**
MM 62	**Coordinate Audit Committee meetings**	Number of Audit Committee meetings held by 30 June 2023	4 Meetings held	**1 meeting held**	**1 meeting held**	**1 meeting held**	**1 meeting held**	**4 Audit Committee Meetings held by June 2023**	**4 audit committee meetings were held as scheduled**	**YES**	**Minutes Attendance register**	**N/A**	**N/A**	**Municipal Manager**
MM 63	**Develop and approved Audit Committee Charter**	Number of Audit Committee Charter developed and approved by 30 June 2023	1 Audit Committee Charter approved	**N/A**	**N/A**	**N/A**	**1 AC Charter developed and approved**	**1 AC Charter developed and approved by council 30 June 2023**	**No AC charter developed**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently and adhering to an Internal Audit implementation plan**	**Municipal Manager**
MM 64	**Compile and submit Internal Audit Reports on implementation of Internal Audit Plan**	Number of Reports on implementation of IA Plan issued by 30 June 2023	4 Reports Issued	**1 Report issued**	**1 Report issued**	**1 Report issued**	**1 Report issued**	**4 Reports on implementation of IA Plan by 30 June 2023**	**No implementation done on the IA plan**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversigh**	**Municipal Manager**

													t diligentl y and adhering to an Internal Audit impleme ntation plan	
MM 65	**Conduct follow up on Internal Audit findings and Issue reports on implantation of the IA Findings by Management**	Number of Reports issued on implementation of internal Audit findings by management by 30 June 2023	1 Report Issued	**100% Implementati on**	**100% Implemen tation**	**100% Implementa tion**	**100% Implementati on**	**1 Follow up report on IA findings implementat ion by managemen t by 30 June 2023**	**No report was done on the IA on findings**	**NO**	**N/A**	**Lack of managem ent oversight**	**Ensuring that the manage ment plays its oversigh t diligentl y and adhering to an Internal Audit impleme ntation plan**	**Municipal Manager**
MM 66	**Conduct follow up on Auditor General findings and Issue reports on implantation of the AG Findings by Management**	Number of Reports issued on implementation of AG findings by management by 30 June 2023	1 Report issued	**N/A**	**N/A**	**40% Implementa tion**	**20% implementati on**	**1 follow up report on Implementa tion of the Auditor General findings action plans by 30 June 2023**	**No report was done on findings by AG**	**NO**	**N/A**	**Lack of managem ent oversight**	**Ensuring that the manage ment plays its oversigh t diligentl y and adhering to an Internal Audit impleme ntation plan**	**Municipal Manager**

MM 67	**Development of ICT master Plan**	Number of Develop the ICT master plan by 30 June 2023	New	**N/A**	**N/A**	**N/A**	**Development and approval of the ICT Master plan**	**1 ICT Master Plan Developed by 30 June 2023**	**No master plan was developed**	**NO**	**N/A**	**Non availability of senior personnel in the IT section**	**An item for the master plan and other related policies has been formulated and submitted for the next ensuing council sitting (August 2023)**	**Municipal Manager**

5. KPA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT 2022/2023	ANNUAL ACTUAL ACHIEVED 2022/2023	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
TECH 1	**14 000 households in formal urban areas, as defined in the IDP, have access to potable water**	Number of households with access to water	14 000 formal households-water provision (2021-2022)	**N/A**	**N/A**	**N/A**	**14 000 formal households provided with portable water**	**14 000 formal households provided with portable water**	**14 000 formal households provided with portable water**	**YES**	**Levy Report**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 2	**Reitz to Mamafubedu Pipeline, 42km Phase 1: 5km Planning Phase 2: 10km Phase 3: 15km Phase 4: 12km**	Construction of the phase 4 12km (42 km) of Reitz to Mamafubedu pipeline on 30 June 2023	15 km	Design stage	Phase 4 Tender Stage	Construction of the 12 km pipeline Reitz-Mamafubedu	12 km construction	**construction phase 4: 12 km Reitz to Mamafubedu pipeline by June 2023**	**Construction of 12 km Reitz to Mamafubedu pipeline was not done as scheduled.**	**NO**	**N/A**	**Delay on the completion of Designs and Tender processes**	**Consultant to speed up the progress and reschedule the implementation Plan**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 3	**Construction of 3ML concrete water reservoir: phase 4 Mamafubedu**	Construction of 3ML Water reservoirs on June 2023 in Mamafubedu	New	Design and tender	Appointment of contractor	Construction	Construction	**Construction 3ML concrete water reservoir in Mamafubedu by June 2023**	**Construction of 3ML concrete water reservoir in Mamafubedu was not done as scheduled**	**NO**	**Tender advert Appointment letter Acceptance letter Progress report**	**Project is at construction phase and not yet completed An advert for the tender was placed and closed. Appointment of a contractor**	**Ensure detailed reports on the status of the projects are submitted and proper implementation on controls**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

												was done. The project is still in progress		
TECH 4	**Construction of 2.5 ML concrete water reservoirs: Phase 8.1 Ntha**	2.5 ML Water reservoirs constructed on 30 June 2023 in Ntha	New	Design and Tender	Appointment of contractor	Construction	Construction	**Construction of 2.5 ML concrete water reservoir in Ntha by June 2023**	**Construction of 2.5ML concrete water reservoir in Ntha was not done as scheduled**	**NO**	**Tender advert Appointment letter Acceptance letter Progress report**	**Project is at construction phase and not yet completed An advert for the tender was placed and closed. Appointment of a contractor was done. The project is still in progress**	**Ensure detailed reports on the status of the projects are submitted and proper implementation on controls**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 4(a)	**Construction of 3 ML concrete water reservoirs: Phase 8.1 Lindley**	3 ML construction of Water reservoir in Lindley in 30 June 2023	New	Design stage	Tender stage	Appointment of contractor	Construction	**Construction of 3 ML concrete water reservoirs: Phase 8.1**	**Construction of 3ML concrete water reservoir in Lindley was not done as scheduled**	**NO**	**Tender advert Appointment letter Acceptance letter Progress report**	**Project is at construction phase and not yet completed. An advert for the tender was placed and closed. Appointment of a contractor was done. The project is still in progress**	**Ensure detailed reports on the status of the projects are submitted and proper implementation on controls**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

TECH 4 (b)	**Construction of 2ML Reservoir in Reitz**	Construction of 2ML Reservoir in Reitz in 30 June 2023	New	Design & Tender stage	Appointment of a contractor	Construction	Construction	**Construction of 2ML Reservoir in Reitz by June 2023**	**None- 2ML reservoir in Reitz was not constructed as scheduled**	**NO**	**N/A**	**Delay on the Application /Approval of WULA & EIA**	**Municipality has approached provincial DWS to assist on speeding up the process of approval**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 4(c)	**Construction of 3 ML concrete water reservoirs: Arlington**	Construction of 3 ML concrete water reservoirs: Arlington on 30 June 2023	New	Design stage	Tender stage	Appointment of contractor	Construction	**Construction of 3ML Reservoir in Arlington by June 2023**	**No Construction of 3ML reservoir in Arlington as scheduled**	**NO**	**Tender advert Appointment letter Acceptance letter Progress report**	**Project is at construction phase and not yet finished. An advert for the tender was placed and closed. Appointment of a contractor was done. The project is still in progress**	**Ensure detailed reports on the status of the projects are submitted and proper implementation on controls**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 4 (d)	**Upgrading of Reitz WTW from 15 ML/d to 17 ML/d**	Upgraded Reitz WTW from 15 ML/d to 17 ML/d on 30 June 2023	New	Design stage	Tender stage	Appointment of contractor and construction	Construction	**Upgrading of the Reitz WTW from 15 ML/d to 17 ML/d on 30 June 2023**	**None – Reitz WTW from 15ML/d to 17ML/d was not upgraded as scheduled**	**NO**	**N/A**	**Delay on the Application /Approval of WULA & EIA**	**Municipality has approached provincial DWS to assist on speeding up the process of approval**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 4 (e)	**Upgrading of the Reitz high lift pump station**	Upgraded Reitz high lift pump station on 30 June 2023	New	Design stage	Tender stage	Appointment of contractor and	Construction	**Upgrading of the Reitz highlift pump**	**No Upgrading of Reitz high lift pump station was**	**NO**	**Design report Tender advert**	**Project is at construction phase**	**Ensure detailed reports on the**	**TECHNICAL SERVICES AND**

						construction		**station on 30 June 2023**	**done as scheduled**		**Progress report**	**and not yet finished** **Designs were done. An advert for the tender was placed and closed. Appointment of a contractor was done. The project is still in progress**	**status of the projects are submitted and proper implementation on controls**	**INFRASTRUCTURE**
TECH 5	**Construction of 20.34 km UPVC pipeline from Lindley to Arlington**	20.34km UPVC pipeline constructed in 30 June 2023	New	Design & Tender	Appointment of Contractor	Construction	Construction	**Construction of the 20.34km UPVC pipeline from Lindley to Arlington by June 2023**	**None- 20.34 km UPVC pipeline was not constructed as scheduled**	**NO**	**N/A**	**An official appeal was raised by one of the bidders with regards to processes not being properly followed. This appeal is still on going**	**Awaiting court outcome before remedial action could be instituted**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 6	**Monthly maintenance on water infrastructure**	Number of Monthly reports submitted on 30 June 2023	New	3	3	3	3	**12 monthly Maintenance of water infrastructure reports submitted by 30 June 2023**	**12 reports submitted on water infrastructure**	**YES**	**12 monthly reports**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 6 (a)	**Refurbishment of Reitz water Pump Station**	Refurbished Reitz Water Pump Station (Middle punt) in 30 June 2023	New	Feasibility study	Design stage	Tender stage	Appointment of contractor	**Refurbished Reitz Water Pump Station (Middle punt) by June 2023**	**None – Reitz water pump station was not refurbished as scheduled**	**NO**	**N/A**	**Delay on the Application /Approval of WULA & EIA**	**Municipality has approached provincial DWS to assist on**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

													speeding up the process of approval	
TECH 7	**Development and adoption of a legislative compliant Water Services Development Plan**	Number of WSDP's developed and Approved on 30 June 2023	Number	N/A	N/A	N/A	Developing the WSDP, approval from council	**1 Developed and Approved WSDP by June 2023**	**None- WSDP was not developed**	**NO**	**N/A**	**Inadequate budget**	**Proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 8	**Construction of 22 km 315mm dia mPVC pipeline from Reitz WTW to Reitz hospital reservoir**	Construction of 22 km 315mm dia mPVC pipeline from Reitz WTW to Reitz hospital reservoir in 30 June 2023	new	Feasibility Study	Design stage	Tender stage	Appointment of contractor	**Construction of 22 km 315mm dia mPVC pipeline from Reitz WTW to Reitz hospital reservoir by June 2023**	**None – 22km 315mm diamPVC pipeline from Reitz WTW to Reitz hospital reservoir was not constructed**	**NO**	**N/A**	**Delay on the Application /Approval of WULA & EIA**	**Municipality has approached provincial DWS to assist on speeding up the process of approval**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 8 (b)	**Construction of Matoding water supply pipeline**	Construction of the Matoding water supply pipeline on 30 June 2023	New	Feasibility study	Design stage	Tender stage	Appointment of contractor	**Construction of the Matoding water supply pipeline by 30 June 2023**	**None – Matoding water supply pipeline was not constructed**	**NO**	**Tender Advert Appointment letter Acceptance letter**	**Delay on the approval of design**	**Revision of designs has been completed and ready to advertise (August 2023)**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 9	**Ensure that the quality of drinking water comply with the South African national standards at latest SANS 241 (between 95% and 99%)**	Percentage assessment score resulting from the monthly evaluation processes approved by Sedibeng Water (blue drop)	71.4 %	80% of test results	80% of test results	80% of test results	80% of test results	**Test reports (Sedibeng Water**	**None- No water tests were conducted by a water laboratory (Sedibeng water)**	**NO**	**N/A**	**Lack of consumables for analysis (water samples) however the Municipality is conducting test internally**	**New water testing service has been sourced (tender advert in place)**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

TECH 9 (b)	**Supply of free basic water to registered indigents**	Number of Registered indigents having access to free basic water on 30 June 2023	Indigent register (2021-2022)	100% of 5 000 registered indigents households	100% of 5000 registered indigents households	100% of 5000 registered indigents households	100% of 5000 registered indigents households	**Indigent report**	**97.5% (4877) indigents registered**	**NO**	**Indigent register**	**Lack of internal control and proper reporting**	**Implement proper internal controls**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 10	**Water provision – farm communities**	4-9 Farming communities provided with water on 30 June 2023	4-9 farms	N/A	N/A	N/A	4-9 Farms provided with water	**4-9 farms provided with water by June 2023**	**9 farms provided with water**	**YES**	**Delivery register / Logbook**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 11	**Access to basic level of sanitation – formal settlements**	15 000 Formal settlements households having access to basic level of sanitation by 30 June 2023	Billing report (2021-2022)	15 000 Formal settlements households having access to basic level of sanitation	15 000 Formal settlements households having access to basic level of sanitation	15 000 Formal settlements households having access to basic level of sanitation	15 000 Formal settlements households having access to basic level of sanitation	**15 000 Formal settlement households having access to basic level of sanitation by June 2023**	**15 000 formal households having access to basic level of sanitation**	**YES**	**Levy report**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 12	**Development and adoption of a legislative compliant Water Services Development Plan**	Number of WSDP's developed and Approved on 30 June 2023	New	N/A	N/A	N/A	1 Developed and council approved WSDP	**1 Developed and Approved WSDP by June 2023**	**None – No WSDP developed**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 13	**Wastewater Quality compliance of ≥90% as per Green Drop standard**	Improvement in the Percentage assessment score resulting from the monthly evaluation processes approved by Sedibeng Water (green drop assessment	40%	50% of tests results	50% of tests results	50% of tests results	50% of tests results	**Improved green drop assessment report by June 2023**	**No green drop assessment was conducted by Sedibeng water**	**NO**	**N/A**	**Lack of consumables for analysis (water samples) however the Municipality is conducting test internally**	**New water testing service is been sourced (tender advert in place)**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

TECH 14	**Access to free basic level of sanitation – Indigents**	5000 indigent registers households having access to free basic level of sanitation on 30 June 2023		5000 indigent registered households having access to free basic level of sanitation	5000 indigent registered households having access to free basic level of sanitation	5000 indigent registered households having access to free basic level of sanitation	5000 indigent registered households having access to free basic level of sanitation	**5000 indigent registered households having access to free basic level of sanitation by June 2023**	**4877 indigents registered**	**NO**	**Indigent register**	**Lack of internal controls**	**Implement proper internal controls by keeping a detailed register**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 15	**Resealing of roads (1km) in two towns Petsana Mamafubedu**	Number of KM Resealing of roads in all towns by 30 June 2023	New	Tender Stage	Appointment of contractor	Construction	Completion of construction	**Resealed roads in two towns by June 2023**	**No roads were sealed in Petsana and Mamafubedu**	**NO**	**N/A**	**Failure to perform and deliver by local contractors (SMME'S)**	**Reducing the scope of the local contractors**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 16	**Review of the Roads and Infrastructure Master Plan**	Number of Master Plan reviewed on 30 June 2023	New	N/A	N/A	N/A	1 Master plan reviewer and approved	**Reviewed Road and Infrastructure Master Plan by June 2023**	**No reviewed road and infrastructure master plan**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 16 (a)	**Roads and Storm water Repairs and Maintenance**	To repair and maintain roads, storm water infrastructure on a continuous basis as required or demand by 30 June 2023	2022/2023 maintenance reports	3 monthly maintenance reports3	3 monthly maintenance reports3	3 monthly maintenance reports3	3 monthly maintenance reports3	**12 Monthly maintenance reports by June 2023**	**12 reports for maintenance**	**YES**	**Monthly Reports**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 17	**Review of Energy Master Plan**	Reviewal of Energy Master plan by 30 June 2023		N/A	N/A	N/A	1 review of energy master plan	**Reviewed Energy Master Plan by June 2023**	**Review of energy master plan was not done**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 18	**Maintenance of Substations in the following towns:**	maintenance of substations by 30 June 2023	2021-2022 substation	N/A	N/A	N/A	3 substations maintained.	**Maintained substations in the following**	**2 substations were maintained**	**PARTIALLY ACHIEVED**	**Test reports**	**Only two substations were maintained**	**Implement proper budgetary measure**	**TECHNICAL SERVICES AND**

	Lindley Reitz Mamafubedu		maintenance report				Reitz Mamafubedu Ntha	**towns by June 2023 Reitz Mamafubedu Ntha**	**Lindley Reitz**			**due to inadequate internal budget**	**in the ensuing financial year**	**INFRASTRUCTURE**
TECH 19	**Electrification of 36 infill households**	Electrification of 36 infill households in Ntha in 30 June 2023	New	N/A	N/A		Electrification of 36 infill households in Ntha	**36 infill household electrified in Ntha by June 2023**	**36 infill household electrified in Ntha**	**YES**	**Completion certificate**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 20	**Repairs and Maintenance of street lights and other infrastructure**	Maintenance of street lights and other electricity infrastructure by June 2023	2021/2022 FY reports	3 monthly reports	3 monthly reports	3 monthly reports	3 monthly reports	**12 Reports of monthly repair and maintenance reports by June 2023**	**12 reports on electricity repair and maintenance**	**YES**	**12 monthly reports**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 21	**Upgrading of 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley**	Number of upgraded 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley on 30 June 2023	New	N/A	N/A	N/A	Upgrading of 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley	**Upgraded of ed 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley by June 2023**	**3.5km, 35mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley was not upgraded.**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year and implement**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
COMMUNITY SERVICES														
COM 1	**Compactor truck purchase**	Number of compactor trucks purchased by 30 June 2023	New	N/A	N/A	N/A	1 Purchased Compactor truck	**1 Purchased compactor truck by June 2023**	**1 compactor truck was purchased**	**YES**	**Photos of the compactor truck Invoice**	**N/A**	**N/A**	**Community Services**
COM 2	**Development of a Solid Waste Disposal Site for Ntha**	Number of Developed Solid Waste Disposal Site Ntha by 30 June 2023	New	N/A	N/A	N/A	1 developed solid waste disposal site in Ntha	**1 Developed solid waste disposal site in Ntha by June 2023**	**No solid waste disposal site in Ntha was developed**	**NO**	**N/A**	**inadequate internal funding**	**Source & Application for funding from provincial**	**Community Services**

													governme nt	
COM 3	**Rehabilitation of Mamafubedu' illegal landfill site**	Number of rehabilitated illegal landfill sites in Mamafubedu on 30 June 2023	New	N/A	N/A	N/A	1 rehabilitated illegal landfill site in Mamafubedu	**1 rehabilitated illegal landfill site in Mamafubedu by June 2023**	**No illegal landfill site in Mamafubedu was rehabilitated**	**NO**	**N/A**	**inadequate internal funding**	**Source & Applicatio n for funding from provincial governme nt**	**Communi ty Services**
COM 4	**Clearing of illegal dumps on corners or open areas in residential areas**	Number of cleaning campaigns to clear illegal dumping in all units by 30 June 2023		1 cleaning campaign held	1 cleaning campaign held	1 cleaning campaign held	1 cleaning campaign held	**4 Cleaning campaigns held in all units to clear illegal dumping by June 2023**	**1 cleaning campaign held (Reitz)- illegal dumping sites were cleared**	**NO**	**Photos of campaign (with dates)**	**Lack of proper planning and resources**	**Implemen t proper internal control on planning and budget for resources procurem ent**	**Communi ty Services**
COM 5	**Weekly refuse removal to households in formal settlements**	Weekly or twice in a month for households and 2-3 times for business sites(weekly)		Weekly or twice in a month for households and 2-3 times for business sites(weekly)	Weekly or twice in a month for households and 2-3 times for business sites(weekly)	Weekly or twice in a month for households and 2-3 times for business sites(weekl y)	Weekly or twice in a month for households and 2-3 times for business sites(weekly)	**Weekly or twice in a month for households and 2-3 times for business sites(weekly) Households – 16 634 Businesses - 239**	**Collection was not adequately done weekly or twice in a month for households and 2-3 times in a week for business sites, however there were issues due to lack of resources**	**NO**	**Monthly reports**	**Collection was not done adequately as scheduled due to lack of resources and planning**	**Proper planning will be implemen ted in the new financial year**	**Communi ty Services**
COM 6	**Develop and Approve Integrated waste management Plan**	Number of Integrated waste management Plan developed and approved by 30 June 2023	New	N/A	N/A	N/A	1 Developed and approved integrated waste management plan	**Develop and approved integrated waste management plan by 30 June 2023**	**No integrated waste management plan was developed**	**NO**	**1 approved integrate waste manageme nt plan Council resolution**	**Lack of proper time manageme nt for community engageme**	**Engage communit y on time and implemen t proper internal controls**	**Communi ty Services**

												nts on the document	**submit inputs to council for approval**	
COM 7	**Upgrading of Leratswana sport facility**	Number of upgraded sport facility in Leratswana by 30 June 2023	New	Design stage	Tender Stage	Appoint of a contractor	Construction	**Upgraded sport facility in Leratswana by June 2023**	**No upgrading of sport facility in Leratswana was done**	**NO**	**Design report Tender advert Appointment letter Acceptance letter Progress report**	**The project is at construction phase and not yet done Design were done Tender advert was placed. An Appointment of contractor was done. Progress report**	**Implement proper monitoring of the project and report accordingly**	**Community Services**
COM 8	**Disaster management plan development**	Development of Disaster management plan	New	N/A	N/A	N/A	1 development of disaster management plan	**1 Developed and approved Disaster management plan by June 2023**	**No disaster management plan developed**	**NO**	**N/A**	**Awaiting council approval**	**To speed up the council processes**	**Community Services**

The report is hereby submitted in terms of Section 46 of the Local Government: Municipal Systems Act 32 of 2000. I hereby certify that the report is a true reflection of the Nketoana Local Municipality performance against the SDBIP targets for the 2022 /2023 financial year.

_____ _____

Municipal Manager Date

S.M. Nhlapo

COMPONENT A: BASIC SERVICES

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

The funding and support provided are either in the form of supporting the development of sector plans or the provision of specific grants to fund projects whose competencies fall outside the direct mandate of municipalities.

The provision of basic services covers two categories:

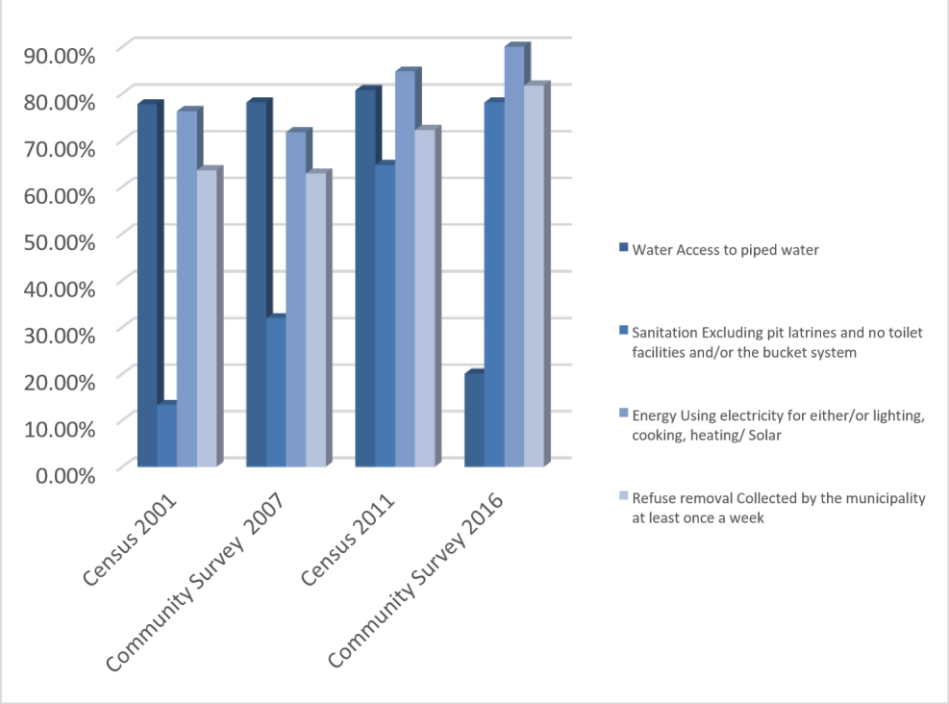
- Residents/households registered to pay for services
- Residents/households registered on our Indigent Register whom requires a level of subsidiary support to access basic services.

If the results of Census 2001 are compared with those of the 2016 Community Survey, the progress that the Municipality has made with service delivery in respect of ensuring access to key basic services are evident:

Table: Performance in terms of basic services

Basic Service	Definition	Census 2001	Community Survey 2007	Census 2011	Community Survey 2016
Water	Access to piped water	77.70%	78.10%	80.70%	20.00%
Sanitation	Excluding pit latrines and no toilet facilities and/or the bucket system	13.30%	31.90%	64.70%	78.10%
Energy	Using electricity for either/or lighting, cooking, heating/ Solar	76.20%	71.70%	84.70%	90.00%
Refuse removal	Collected by the municipality at least once a week	63.60%	62.90%	72.20%	81.70%

Nketoana Local Municipality



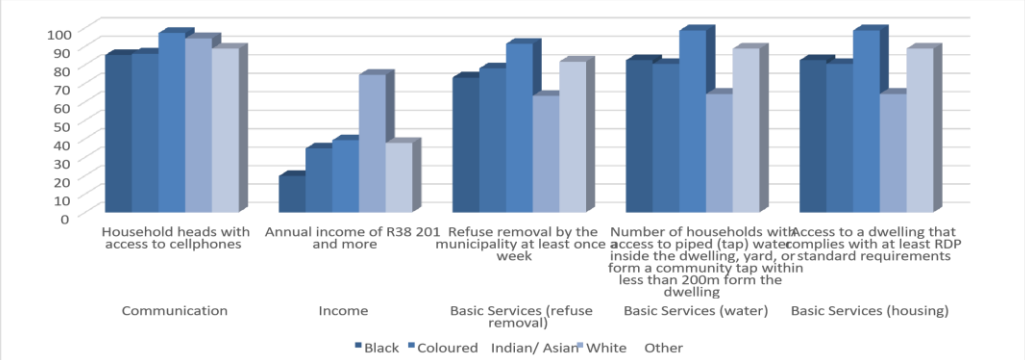
If a comparative analysis based on a number of key development indicators is done (see Figure below) it is clear that the main development gap in the Nketoana area of jurisdiction is still primarily in among the African and Coloured population groups.

Table: Access to basic services (profile)

Table: Official employment status according to population

	Employed	Unemployed	Discouraged work-seeker	Other not economically active	Not applicable
Black African	20.49	10.35	5.33	25.48	38.35
Coloured	33.15	4.35	2.72	34.24	25.54
Indian or Asian	53.42	6.16	2.74	20.55	17.12
White	39.99	2.57	1.17	19.21	37.06
Other	61.59	6.52	2.90	10.87	18.12

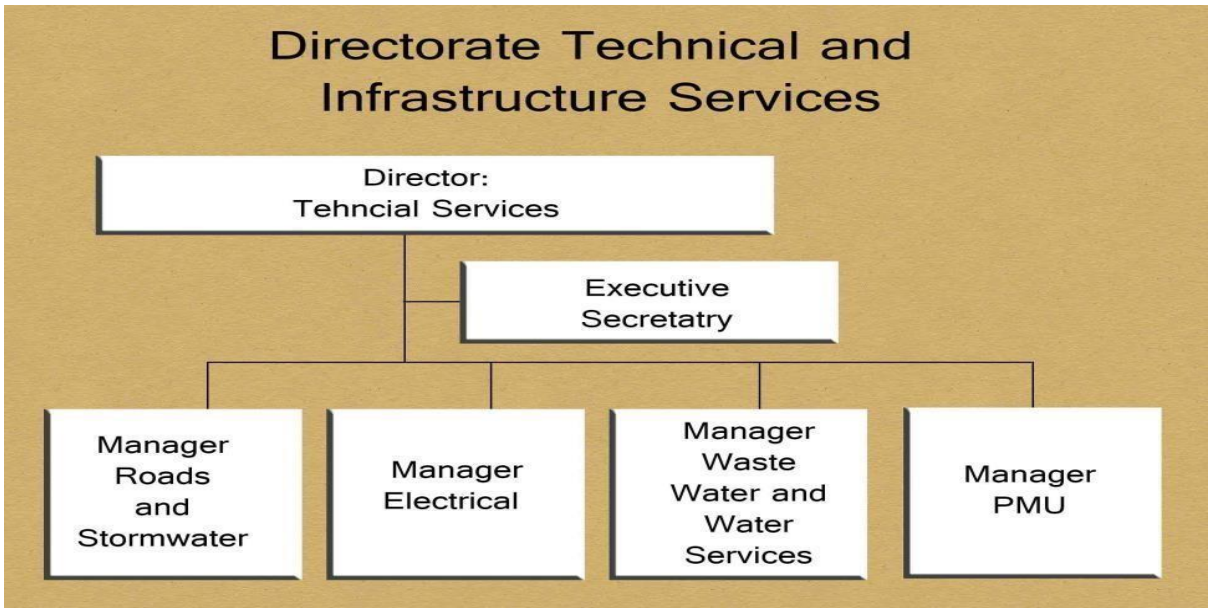
Area	Standard Indicator	Black	Coloured	Indian/ Asian	White
Communication	Household heads with access to cellphones	85.3	86	97.14	94.26
Income	Annual income of R38 201 and more	19.73	34.69	39.13	74.57
Basic Services (refuse removal)	Refuse removal by the municipality at least once a week	73.08	78	91.3	63.14
Basic Services (water)	Number of households with access to piped (tap) water inside the dwelling, yard, or form a community tap within less than 200m form the dwelling	82.45	80.39	98.55	64.22
Basic Services (housing)	Access to a dwelling that complies with at least RDP standard requirements	82.45	80.39	98.55	64.22

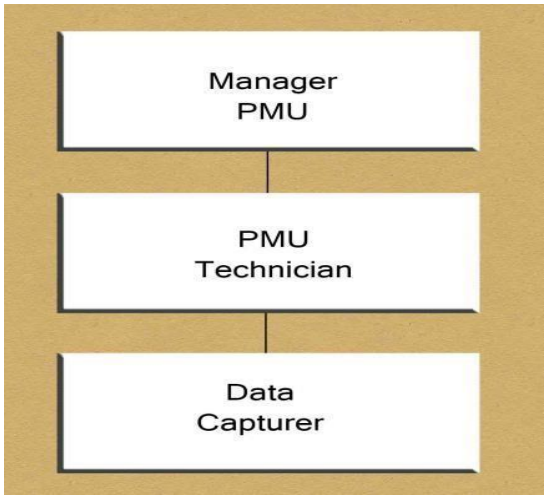


(Source: Census 2011)

Figure / Table 3.3: Official employment status according to Population

ORGANOGRAM





3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

Water Service Act 108 of 1997 section 2 stipulates that everyone has the right of access to basic water supply and the right to basic sanitation necessary to secure sufficient water and an environment not harmful to human health or well-being;

The preparation and adoption of water services development plans by water services authorities;

Water Services Development Plan, Electricity Master Plan, Roads & Storm Water Master Plan, and the Waste Management Plan. Without these strategic documents or plans, structured and sustainable delivery or provision of services become a daunting task.

The Municipality liaises and collaborates with all the spheres of government to fund its different programs as the needs arise.

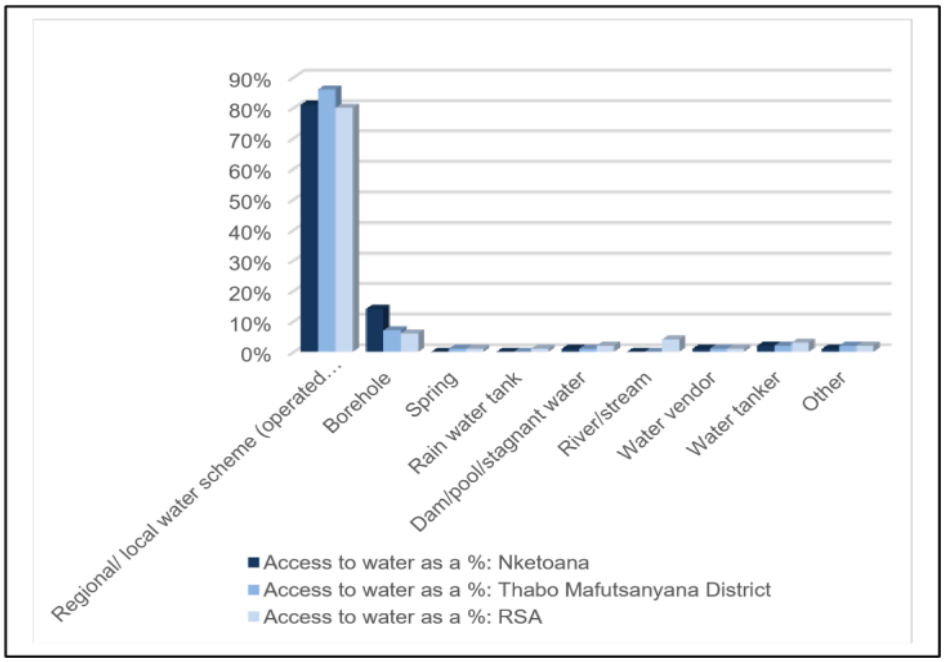
Table 3.5: Analysis of Access to Water: 2001, 2007, 2011

	Census 2001		CS 2007	Census 2011
Piped water inside the dwelling / Piped water inside the yard	77.7%		78.1%	80.7%
from access point outside the yard	19.6%		15.9%	0.0%
Borehole	0.6%		5.7%	14.3%
Spring	0.1%		-	0.2%
Dam / pool	0.5%		-	0.6%
River / stream	0.2%		-	0.1%
Water vendor	0.1%		0.1%	0.6%
Rainwater tank	0.4%		-	0.3%
Other	0.8%		0.2%	2.6%
Total	**100.0%**		**100.0%**	**100.0%**

Table

	Nketoana	Access to water as a %: Nketoana	Thabo Mofutsanyana District	Access to water as a %: Thabo Mofutsanyana District	RSA	Access to water as a %: RSA
Regional/ local water scheme (operated by municipality or other water services provider	13983	81%	188662	86%	115193 12	80%
Borehole	2475	14%	14783	7%	881495	6%
Spring	33	0%	1317	1%	178799	1%
Rain water tank	52	0%	724	0%	141475	1%
Dam/pool/stagnant water	101	1%	1972	1%	225181	2%
River/stream	22	0%	566	0%	651246	4%
Water vendor	104	1%	1458	1%	176425	1%
Water tanker	440	2%	4549	2%	376423	3%
Other	108	1%	3853	2%	299806	2%
Not applicable			-		-	

	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/ stagnant water	River/strea m	Water vendor	
FS193: Nketoana	13983	2475	33	52	101	22	104	
Ward 1	1503	399	6	5	3	-	4	
Ward 2	1856	3	1	1	-	-	1	-
Ward 3	1937	187	1	-	-	2	7	
Ward 4	1317	349	4	-	5	1	10	
Ward 5	1197	398	3	26	14	9	10	
Ward 6	999	670	9	9	57	5	18	
Ward 7	1416	465	9	8	19	5	41	
Ward 8	1492	1	-	1	2	-	6	
Ward 9	2267	3	-	-	1	-	7	



Water	Y2015/16	Y2014/15	Y2013/14	Y2012/13	Y2011/12
Blue Drop Score	n/a	n/a	71.4	n/a	18.57
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialised?	No	No	No	No	No

Number of households and nondomestic customers	16 991	16 991	16 586	16 586	16 291
Number of households / delivery points	16 778	16 778	16 373	16 373	16 078
Inside the yard	15 062	15 062	13 757	13 757	13 342
Less than 200m from the yard	1 716	1 716	2 616	2 616	2 616
More than 200m from the yard	0	0	0	0	120
Domestic households with access to free basic services	5 124	4 150	4 932	3 478	15 831

(Source: StatsSa, https://www.localgovernment.co.za)

Nketoana Local Municipality Blue Drop Status Quo

Nketoana LM is responsible for the water supply to the following communities, Reitz, Arlington, Lindley, and Petrus Steyn. There are no bulk water suppliers providing potable water to any of their systems. The municipality has a total design capacity of 22 000kL/d with a system input volume of 17 000kL/d.

The municipality does not have a Water Safety Plan in place, coupled with this there are no process audits that have been conducted. These two documents will have a profound impact in the management and monitoring of the water quality. The engineering and scientific capacity can be improved, as these staff would be able to initiate and complete the necessary Blue Drop criteria documents. The water division needs to get more actively involved with the financial aspects of managing their section as the information provided came from a contracted entity assisting the Municipality. Supply Chain Management needs to assist in contracting term contracts for the supply of chemicals, external electrical & mechanical services, the calibration / service and or replacement of water meters. Overall, the documentation of all activities in providing water services needs improvement.

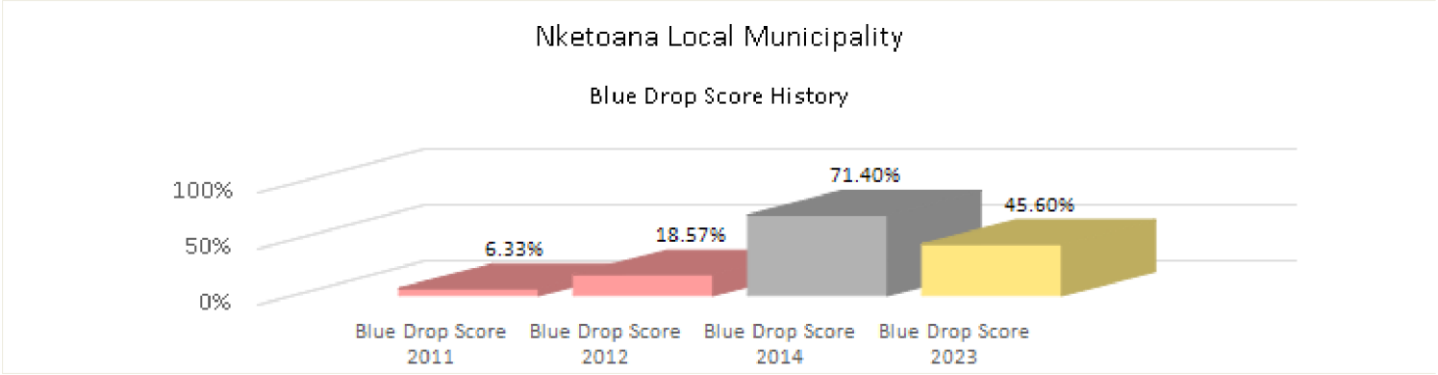
An overall municipal Blue Drop score of 45.60% indicates that significant improvement still needs to be achieved, to ensure safe drinking water to the communities of Nketoana. The Regulator is concerned about the digress in performance since the last Blue Drop audit in 2014, whereby the municipality obtained a decent 71.40% score. Furthermore, no capital funds appear to be available to address the infrastructural needs for water supply and treatment. The poor TSA score of 28% for the Reitz system, coupled with good BDRR risk scores for three of the four treatment facilities gives hope that the municipality will be able to turn around water services delivery to meet compliance and good practice standards.

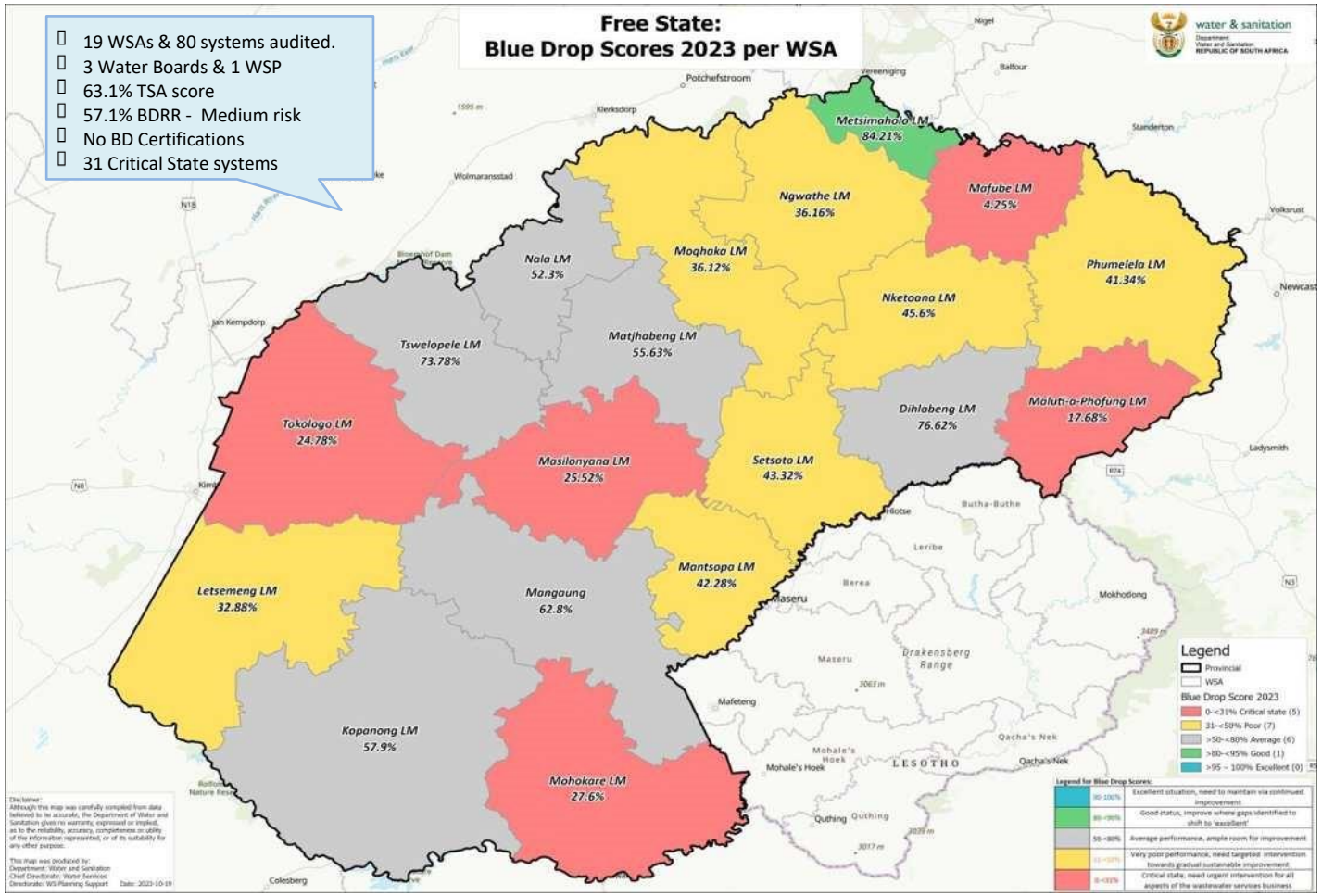
Municipal Blue Drop Score		
Blue Drop Score 2023	%	45.60%
Blue Drop Score 2014	%	71.40%
Blue Drop Score 2012	%	18.57%
Blue Drop Score 2011	%	6.33%

Key Performance Area	Weight	Reitz	Lindley	Arlington	Petrus Steyn
Bulk/WSP		-	-	-	-
Capacity Management	15%	62.00%	65.00%	65.00%	62.00%
DWQ Risk Management	20%	29.50%	35.00%	35.00%	32.50%
Financial Management	10%	46.75%	36.75%	49.25%	31.50%
Technical Management	20%	23.75%	31.75%	31.75%	23.75%
DWQ Compliance	35%	52.50%	72.00%	78.00%	60.00%
Bonus	10%	5.00%	5.00%	5.00%	5.00%
Penalties	10%	0.00%	0.00%	0.00%	0.00%

Disqualifiers		None	None	None	None
Blue Drop Score 2023	%	**43.50%**	**52.35%**	**55.70%**	**45.20%**
Blue Drop Score 2014	%	71.49%	68.42%	66.99%	81.78%
Blue Drop Score 2012	%	19.74%	15.43%	13.60%	18.16%
Blue Drop Score 2011	%	4.77%	10.22%	5.04%	5.31%
System Design Capacity	kL/d	15 000	4 000	2 000	1 000
System Available Capacity	kL/d	11 000	3 500	2 000	1 000
System Input Value	kL/d	11 000	2 700	500	500
Capacity Utilisation	%	NI	77.14%	25.00%	50.00%
Average Daily Consumption	l/p/d	308	150	63	33
Resource Abstracted From		Liebenbergsvlei	Vals	Hamanspruit	Kaloemspruit
Microbiological Compliance	%	96.47%	99.99%	99.99%	99.99%
Chemical Health Compliance	%	99.99%	99.99%	99.99%	99.99%
Risk Defined Compliance	%	91.45%	94.27%	96.30%	88.26%
VROOM	Rand	**R67 500 000**	-	-	-
BDRR 2023	%	53.36%	26.72%	19.43%	26.59%
BDRR 2022	%	48.51%	37.34%	29.60%	52.53%

(source: www.dws.gov.za)


Nketoana Local Municipality
Blue Drop Score History
100%
50%
0%
6.33%
18.57%
71.40%
45.60%
Blue Drop Score 2011
Blue Drop Score 2012
Blue Drop Score 2014
Blue Drop Score 2023



(Source: www.dws.gov.za)

2023 Blue Drop Summary

WSA Name	2014 BD Score (%)	2023 BD Score (%)	2023 BD Certifi ed ≥95%	2023 Critical State (<31%)
Dihlabeng LM	61.6%	76.6%↑	None	None
Kopanong LM	67.3%	57.9%↓	None	None
Letsemeng LM	62.6%	32.9%↓	None	None
Mafube LM	28.8%	4.3%↓	None	Frankfort, Tweeling, Villiers
Maluti-a-Phofung LM	97.7%	17.7%↓	None	Bluegumbosch, Kestell, Harankopane, Mphatlalatsane, Greater Qwaqwa, Makwane, Harrismith, Tshiame
Mangaung	77.5%	62.8%↓	None	Soutpan Krugersdrift Dam
Mantsopa LM	52.8%	42.3%↓	None	Hobhouse, Tweespruit
Masilonyana LM	29.6%	25.5%↓	None	Brandfort, Theunissen, Verkeerdevlei, Winburg
Matjhabeng LM	93.6%	55.6%↓	None	None
Metsimaholo LM	84.5%	84.2%↓	None	None
Mohokare LM	65.3%	27.6%↓	None	Rouxville, Smithfield, Zastron
Moqhaka LM	60.2%	36.1%↓	None	Steynsrus
Nala LM	81.3%	52.3%↓	None	None
Ngwathe LM	55.4%	36.2%↓	None	Parys, Vredefort, Koppies, Edenville boreholes
Nketoana LM	71.4%	45.6%↓	None	None
Phumelela LM	61.3%	41.3%↓	None	None
Setsoto LM	42.2%	43.3%↑	None	Clocolan, Senekal
Tokologo LM	56.8%	24.8%↓	None	Boshof, Dealesville
Tswelopele LM	70.1%	73.8%↑	None	None
Totals	-	-	0	31

(Source: www.dws.gov.za)

3.2 WASTEWATER (SANITATION) PROVISION

INTRODUCTION TO SANITATIO PROVISION

The main objective of the water and sanitation is to:

To ensure that 100% of households in formal and informal settlements in the Nketoana municipal area have access to basic level of sanitation.

The Municipality can confirm that all communities have access to a basic or higher level of sanitation service. An increase in the number of informal settlements has placed a huge burden on providing basic services, which was not part of the sanitation planning. The municipality is still having a historical backlog of households still using bucket system, ventilated improved pit latrine.

Table: Analysis of Access to Sanitation Facilities: 2001, 2007, 2011

	Census 2001	CS 2007	Census 2011
Flush toilet (connected b sewerage system)	10.6%	21.0%	57.0%
Flush toilet (with septic tank)	1.9%	6.2%	3.1%
Dry toilet facility	-	1.7%	2.1%
Chemical toilet	0.8%	3.0%	2.5%
Pit latrine with ventilation (VIP)	2.4%	21.0%	8.8%
Pit latrine without ventilation	15.3%	-	19.3%
Bucket latrine	54.6%	41.7%	2.1%
None	14.4%	5.4%	5.2%
Total	**100.0%**	**100.0%**	**100.0%**



Table: Access to sanitation: Nketoana, Thabo Mofutsanyana and RSA

Category	Nketoana	Access to Sanitation as a % Nketaona	Thabo Mofutsanyana District	Access to sanitation as a %: Thabo Mofutsanyana District	RSA	Access to water as a %: RSA
None	494	3%	6522	3%	748592	5%
Flush toilet (connected to sewerage system)	10584	61%	106603	49%	8242924	57%
Flush toilet (with septic tank)	608	4%	6435	3%	442481	3%
Chemical toilet	25	0%	3259	1%	360703	3%
Pit toilet with ventilation (VIP)	900	5%	21631	10%	1266102	9%
Pit toilet without ventilation	2377	14%	56190	26%	2786068	19%
Bucket toilet	1991	11%	13877	6%	297847	2%
Other	338	2%	3368	2%	305444	2%

(Source: StatsSa; Census 2011)

Table: Trends Sanitation: 2001-2011

Census 2001			Community Survey 2007			Census 2011		
	Total households	*% of households*		*Total households*	*% of households*		*Total households*	*% of households*
Flush toilet (connected to sewerage system)	1657	11%	Flush toilet (connected to sewerage system)	3521	21%	None	494	3%
Flush toilet (with septic tank)	283	2%	Flush toilet (with septic tank)	1040	6%	Flush toilet (connected to sewerage system)	10584	61%
Chemical toilet	126	1%	Dry toilet facility	277	2%	Flush toilet (with septic tank)	608	4%
Pit latrine with ventilation (VIP)	362	3%	Pit toilet with ventilation (VIP)	506	3%	Chemical toilet	25	0%
Pit latrine without ventilation	2282	15%	Pit toilet without ventilation	3514	21%	Pit toilet with ventilation (VIP)	900	5%
Bucket latrine	8174	54%	Chemical toilet	0	0%	Pit toilet without ventilation	2377	14%
None	2156	14%	Bucket toilet system	6980	42%	Bucket toilet	1991	11%
Not applicable	3	0%	None	909	5%	Other	338	2%
Total	15039		Institutions	0	0%			
			Total	16748		Total	17317	

Table: Access to sanitation according to category and per ward

	None	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation (VIP)	Pit toilet without ventilation	Bucket toilet	Other
FS193: Nketoana	494	10584	608	25	900	2377	1991	338
Ward 1	27	1309	122	-	61	151	233	27
Ward 2	28	478	21	1	41	4	1283	14
Ward 3	28	1948	29	-	49	45	15	60
Ward 4	84	1297	63	4	8	186	73	48
Ward 5	48	137	106	3	542	672	189	56

Ward 6	95	884	146	1	109	459	141	34

The Municipality's Green Drop Risk exposure is extremely high (95,6%), and all four plants failed the assessment.

The previous assessment in 2012 was 96%

Ward 7	89	1453	92	-	78	364	6	33
Ward 8	14	1455	1	16	1	10	20	5
Ward 9	82	1623	29	-	13	488	31	61

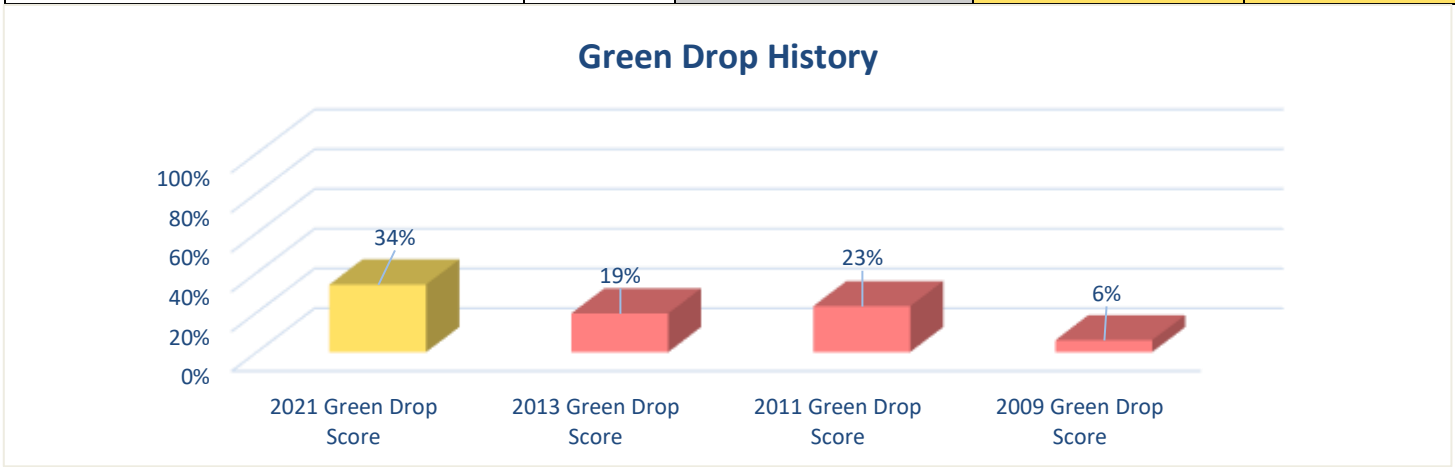
GREEN DROP STATUS QUO

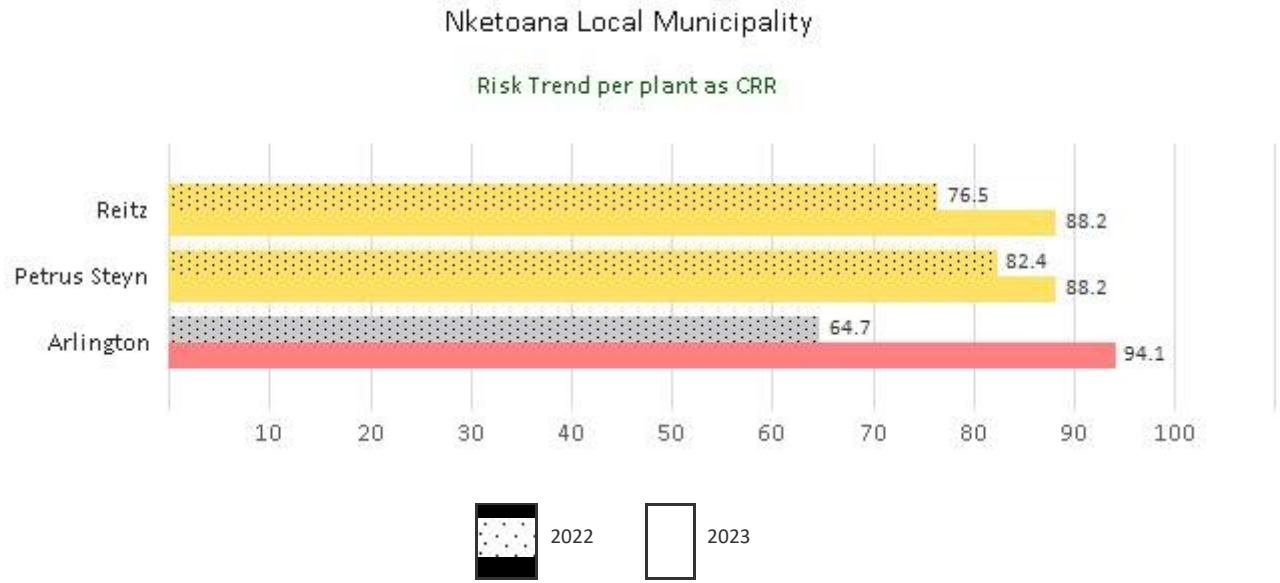
Nketoana Local Municipality owns and operates three WWTWs in their area of jurisdiction. Reitz and Petrus Steyn WWTWs employ oxidation ponds and Biofilter technology and are classified as Class C and Class D, respectively. Arlington WWTW employs an oxidation ponds technology and is classified as class E WWTWs. Lindley WWTW is currently out of commission and a new WWTW is under construction.

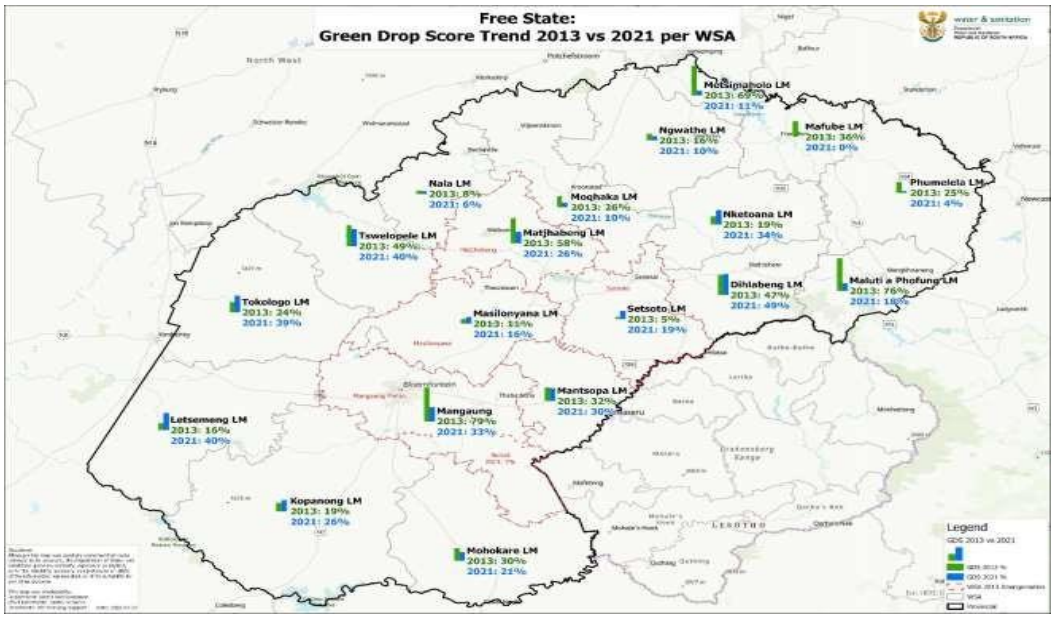
Water Service Institution	**Nketoana Local Municipality**	
Water Service Provider	Nketoana Local Municipality	
Municipal Green Drop Score		**VROOM Impression (Towards restoring functionality):**
2021 Green Drop Score	**34%↑**	1. Mechanical equipment breakdown 2. Screen offline for 2 years 3. Pumps 4. Sludge withdrawal equipment - sludge to Cl_2 contact tank 5. Biofilter arms 6. Staff facilities and ablution. **VROOM Estimate:** - R35,008,000
2013 Green Drop Score	**19%**	
2011 Green Drop Score	**23%**	
2009 Green Drop Score	**6%**	

Key Performance Area	Weight	Arlington	Lindley	Petrus Steyn	Reitz
A. Capacity Management	15%	80.0%	55.0%	44.0%	64.0%
B. Environmental Management	15%	85.0%	27.5%	61.0%	61.0%
C. Financial Management	20%	48.1%	0.0%	58.5%	55.0%
D. Technical Management	20%	58.2%	5.3%	13.5%	13.5%
E. Effluent & Sludge Compliance	30%	26.3%	0.0%	6.0%	30.0%
F. Bonus		22.5%	0.0%	30.0%	30.0%
G. Penalties		-25.0%	-75.0%	-25.0%	0.0%
H. Disqualifiers		None	Directive	None	Directive
Green Drop Score (2021)		**53%**	**2%**	**33%**	**46%**
2013 Green Drop Score		**21%**	**18%**	**22%**	**18%**
2011 Green Drop Score		**20%**	**23%**	**23%**	**28%**
2009 Green Drop Score		**5%**	**8%**	**5%**	**5%**
System Design Capacity	Ml/d	1.54	2.5	2.4	4.5
Design Capacity Utilisation (%)		3%	NI	104%	78%
Resource Discharged into		NI	Vals River	NI	Langspruit
Microbiological Compliance	%	50%	0%	42%	25%
Chemical Compliance	%	17%	0%	25%	15%
Physical Compliance	%	19%	0%	42%	36%
Wastewater Risk Rating (CRR% of CRR_{max})		**Arlington**	**Lindley**	**Petrus Steyn**	**Reitz**
CRR (2011)	%	100.0%	94.1%	94.1%	94.1%
CRR (2013)	%	94.1%	94.1%	94.1%	94.1%

CRR (2021)	%	64.7%	88.2%	82.4%	76.5%







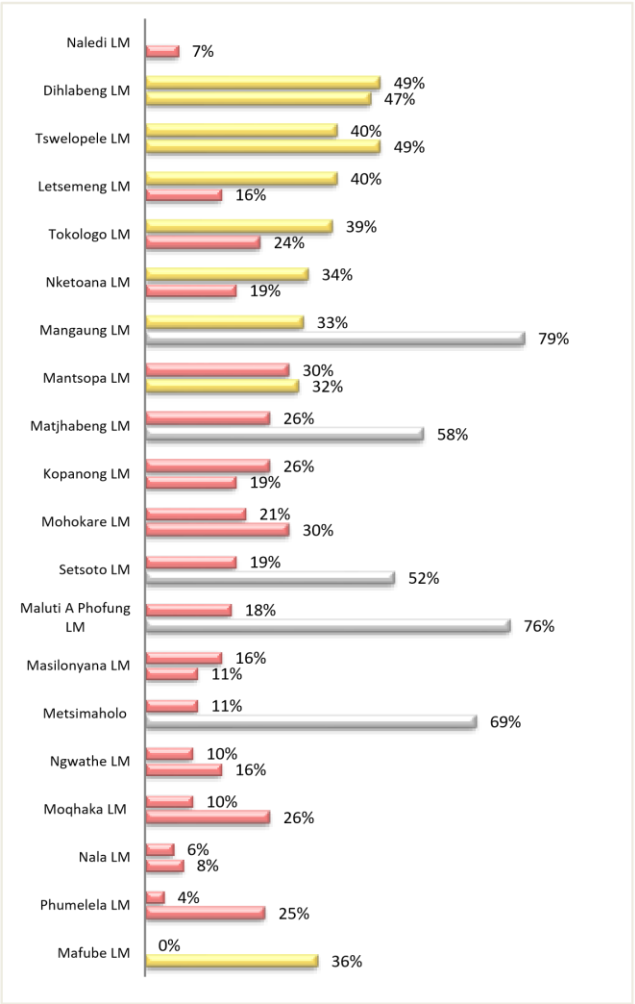


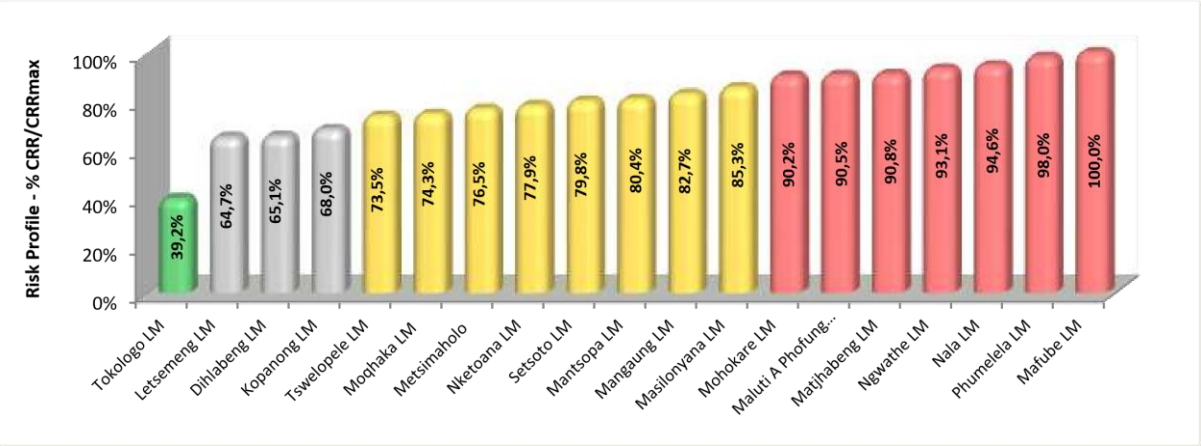
Figure- Green Drop scores 2013 (bottom bar) and 2021 (top bar), with colour legend inserted

Performance Barometer

The **Green Drop Performance Barometer** presents the individual Municipal Green Drop Scores, which essentially reflects the level of mastery that a municipality has achieved in terms of its overall municipal wastewater services business. The bar chart shows the comparison of the 2013 and 2021 GD scores, ranked the from highest to lowest performing WSI. All the systems are in poor and critical performance categories. Although there are improvements in the GD scores for Dihlabeng, Letsemeng, Tokologo and Nketoana in the poor performance category, five municipalities regressed from average performance positions in 2013 to poor and critical performance categories in 2021, viz. Mangaung, Matjhabeng, Setsotso, Maluti-A-Phofung and Metsimaholo.

The **Cumulative Risk Log** expresses the level of risk that a municipality poses in respect of its wastewater treatment facility. It is based on the ***individual Cumulative Risk Ratios***. The below Figure presents the cumulative risks in ascending order – with the low-risk municipalities on the left and critical risk municipalities to the far right. The analysis reveals that there are 7 critical risk

municipalities and 8 high-risk municipalities in the province (15 of the 19 WSAs). Only Tokologo LM resides in a low-risk position.



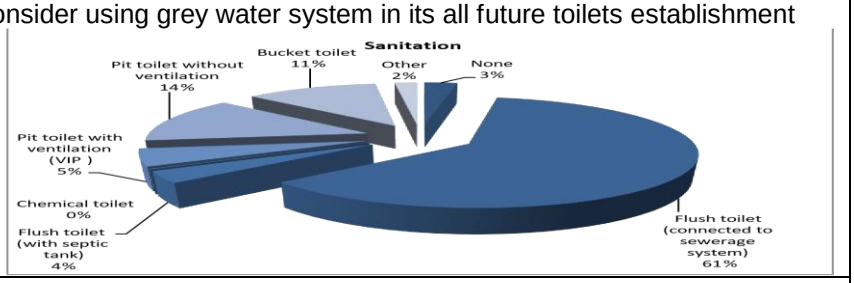
Access to Sewerage and Sanitation

Sewerage and Sanitation	Y2022/3	Y2015/16	Y2014/15	Y2013/14	Y2012/13	Y2011/12
Green Drop Score	34%	n/a	n/a	19%	0	0
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialized?	No	No	No	No	No	No
Number of households and nondomestic customers		15 751	15 751	15 570	15 173	14 288
Number of households using						
Flush toilet - public sewerage	11 658	11 658	11 658	11 658	11 658	9 389
Flush toilet - septic tank	169	169	169	169	0	13
Ventilated pit latrine	960	960	960	960	960	872
Bucket system	2 751	2 751	2 751	2 751	2 555	3 801
Other		0	0	0	0	0

Domestic households with access to free basic services		5 562	4 084	7 932	3 475	3 475

(Source: StatsSa, https://www.localgovernment.co.za)

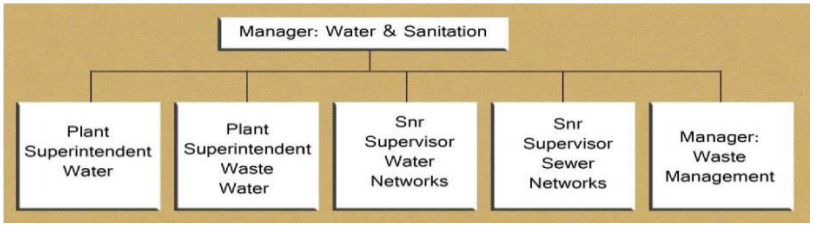
Table: *Status Quo Analysis: Sanitation*

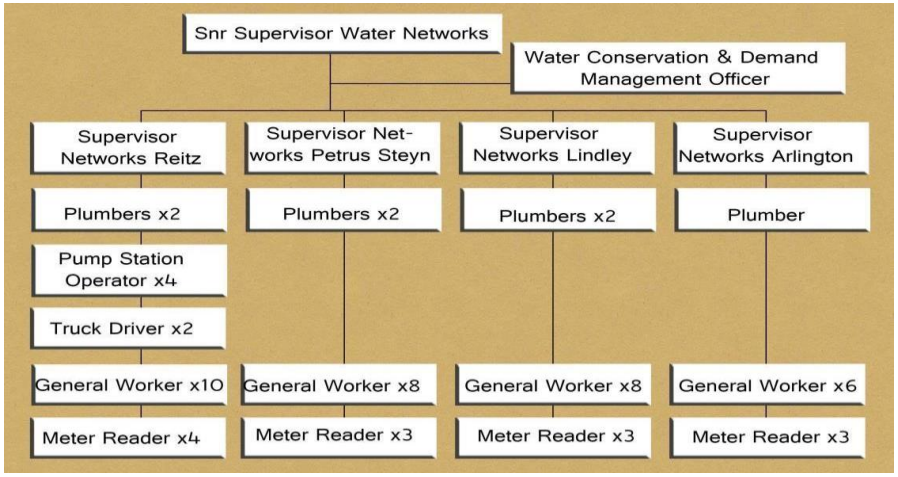
Status Quo:	
General:	Most the households have got access to water born sewerage and those without are either using VIP or Buckets systems.
Resource consideration:	The municipality should consider using grey water system in its all future toilets establishment  (Source: StatsSa; Census 2011)
Indicate all areas or settlements without access in terms of the basic service standards and provide reasons for lack of service	None
Indicate all areas or settlements with an unreliable service and provide reasons for this	None
Indicate other challenges that are not highlighted above	None

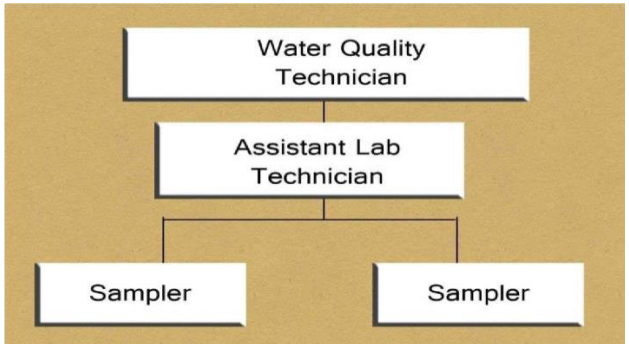
%CRR/CRRmax Risk Performance Log 2021; b) Colour legend

90 – 100% Critical risk WWTPs	
70 - <90% High risk WWTPs	
50-<70% Medium risk WWTPs	
<50% Low risk WWTPs	

ORGANOGRAM







IDP Priority 2:	Sanitation
Strategic Objective:	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2023
Outcomes:	100% of households in formal settlements have access to basic level of sanitation
Vote:	WasteWater Management
Sub-function:	Sewerage

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT 2022/2023	ANNUAL ACTUAL ACHIEVED 2022/2023	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
TECH 11	**Access to basic level of sanitation – formal settlements**	15 000 Formal settlements households having access to basic level of sanitation by 30 June 2023	Billing report (2021-2022)	15 000 Formal settlements households having access to basic level of sanitation	15 000 Formal settlements households having access to basic level of sanitation	15 000 Formal settlements households having access to basic level of sanitation	15 000 Formal settlements households having access to basic level of sanitation	**15 000 Formal settlement households having access to basic level of sanitation by June 2023**	**15 741 formal households having access to basic level of sanitation**	**YES**	**Levy report**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 12	**Development and adoption of a legislative compliant Water Services Development Plan**	Number of WSDP's developed and Approved on 30 June 2023	New	N/A	N/A	N/A	1 Developed and council approved WSDP	**1 Developed and Approved WSDP by June 2023**	**None – No WSDP developed**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 13	**Wastewater Quality compliance of ≥90% as per Green Drop standard**	Improvement in the Percentage assessment score resulting from the monthly evaluation processes approved by Sedibeng Water (green drop assessment	40%	50% of tests results	50% of tests results	50% of tests results	50% of tests results	**Improved green drop assessment report by June 2023**	**No green drop assessment was conducted by Sedibeng water**	**NO**	**N/A**	**Lack of consumables for analysis (water samples) however the Municipality is conducting test internally**	**New water testing service is been sourced (tender advert in place)**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 14	**Access to free basic level of sanitation – Indigents**	5000 indigent registers households having access to free basic level of sanitation on 30 June 2023		5000 indigent registered households having access to free basic level of sanitation	5000 indigent registered households having access to free basic level of sanitation	5000 indigent registered households having access to free basic level of sanitation	5000 indigent registered households having access to free basic level of sanitation	**5000 indigent registered households having access to free basic level of sanitation by June 2023**	**4877 indigents registered**	**NO**	**Indigent register**	**Lack of internal controls**	**Implement proper internal controls by keeping a detailed register**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

CHAPTER 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Nketoana Local Municipality is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to % of the total customers in the Municipality's area of jurisdiction and the remainder which comprises of Petsana, Mamafubedu and Leratswana areas is supplied by Eskom. The Electricity Unit operates under the National Regulator of South Africa Act of (2006).

Currently the provision of basic electricity at household level stands at %, with a backlog within recently established urban low-income areas. To reduce the outstanding service backlog in both distribution areas, the municipality relies on an annual basis for funding from the Department of Mineral Resources and Energy (DMRE) through the Integrated National Electrification Programme (INEP). Areas with backlogs identified during IDP consultation process are formulated into projects that are incorporated into municipal IDP.

The Electricity section has components to ensure quality electricity provision, public lighting and safe electricity installations and perform maintenance of electrical equipment at water and sanitation facilities as a support service to the Water and Sanitation sections.

The Electricity section faces the following challenges to provide electricity to the community of Nketoana Local Municipality within its distribution license areas:

- ageing infrastructure that cause high number of unplanned electricity interruptions;
- limited funding to maintain and improve the existing infrastructure;
- high electricity technical losses due to ageing and saturated infrastructure;
- high electricity non-technical losses due to illegal connections and tampering of metering units;

- high level of vandalism and theft of copper-containing electricity and public lighting systems at substations, public lighting, water and sanitation facilities;
- increased demand due to mushrooming of informal settlements;
- non-availability of repair materials;
- and non-availability of fleet to respond to network failures within minimum standard.

Table: Energy or fuel for cooking: Nketoana, Thabo Mofutsanyana and RSA

	Nketoana	Energy or fuel for cooking as a %: Nketoana	Thabo Mofutsanyana District	Energy or fuel for cooking as a %: Thabo Mofutsanyana	RSA	Energy or fuel for cooking as a %: RSA
None	28	0%	410		31390	0%
Electricity	12831	74%	169669		10675094	74%
Gas	466	3%	8192		507616	4%
Paraffin	611	4%	15990		1227337	8%
Wood	2817	16%	17840		1807606	13%
Coal	391	2%	4288		104171	1%
Animal dung	153	1%	1207		45349	0%
Solar	16	0%	233		22255	0%
Other	5	0%	56		29344	0%

(Source: Census 2011)

Table: Energy or fuel for cooking according to category and per ward

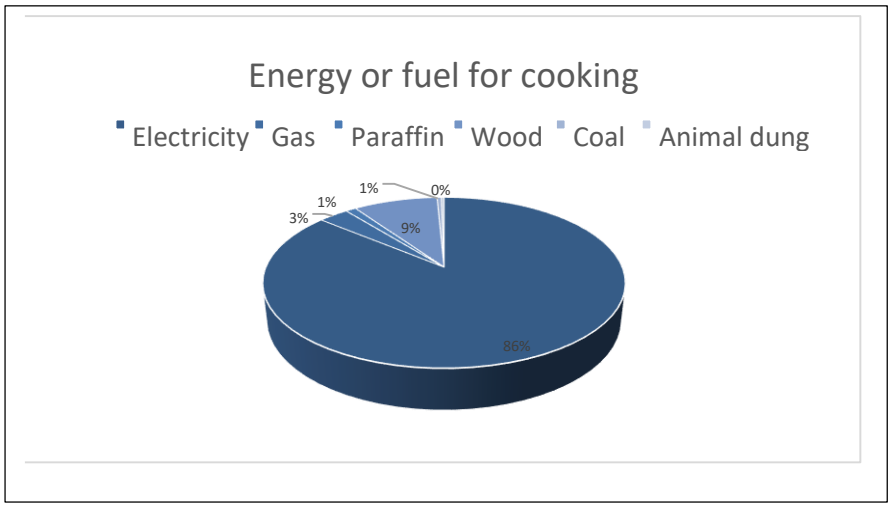
	None	Electricity	Gas	Paraffin	Wood	Coal	Animal dung	Solar	Other
FS193: Nketoana	28	12831	466	611	2817	391	153	16	5
Ward 1	1	1628	60	32	178	27	2	-	-
Ward 2	4	1515	26	37	229	48	8	2	-
Ward 3	5	1929	15	44	131	14	28	6	2
Ward 4	3	1368	53	53	227	5	52	1	1
Ward 5	4	1215	53	124	314	21	22	-	-
Ward 6	-	1044	95	41	620	44	22	3	-

Ward 7	3	1490	66	72	398	72	13	-	1
Ward 8	4	1271	33	40	87	81	4	1	-
Ward 9	4	1370	65	168	635	80	2	3	-

Energy or fuel for cooking: 2001-2016

Census 2001 Community Survey 2007 Census 2011 Community Survey 2016

	Total house-holds	% of households	Total house-holds	% of households	Total house-holds	% of households	Total house-holds	% of households
None	0	0%	0	0%	28	0%		
Electricity	5327	36%	9195	55%	12831	74%	55810	86%
Gas	473	3%	450	3%	466	3%	2056	3%
Paraffin	2761	18%	3374	20%	611	4%	718	1%
Wood	3214	22%	2197	13%	2817	16%	5824	9%
Coal	2726	18%	1130	7%	391	2%	296	0%
Animal dung	457	3%	402	2%	153	1%	189	0%
Solar	49	0%	0	0%	16	0%		
Other	32	0%	0	0%	5	0%		
Not applicable	-							



	Nketoana	Energy or fuel for heating as a %: Nketoana	Thabo Mofutsanyana District	Energy or fuel for heating as a %: Thabo Mofutsanyana	RSA	Energy or fuel for heating as a %: RSA
None	1142	7%	14999	7%	1773372	12%
Electricity	9397	54%	105114	48%	8503109	59%
Gas	440	2%	7825	4%	357062	3%
Paraffin	447	3%	37974	17%	1230223	9%
Wood	4494	26%	33582	15%	2203384	15%
Coal	1193	7%	16486	8%	293949	2%
Candles (not a valid option)	0	0	-	0%	-	0%
Animal dung	185	1%	1612	1%	48251	0%
Solar	19	0%	281	0%	38370	0%
Other	2	0%	11	0%	2442	0%

Census 2001 **Community Survey 2007** **Census 2011** **Community Survey 2016**

Table 3.23: Energy or fuel for heating: 2001-2016

	Total house-holds	% of households	Total house- holds	% of Total house households holds	-	otal house% f - olds ouseholds	% of households
None	0	0%	0	0%	364	11421%	7%
Electricity	4316	29%	5071	30%	56680	939787%	54%
Gas	166	1%	148	1%	808	4401%	2%
Paraffin	1337	9%	1887	11%	626	4471%	3%

Wood	3737	25%	3273	20%	5939	449% 4		26%
Coal	4720	31%	5750	34%	222	11930%		7%
Animal dung	470	3%	289	2%	0	00		0
Solar	57	0%	0	0%	137	1850%		1%
Other	233	2%	329	2%	100	019%		0%
Not applicable	-		-			2		0%

Table 3.24: Energy or fuel for heating according to category and per ward

	None	Electricity	Gas	Paraffin	Wood	Coal	Candles (not a valid option)	Animal dung	Solar	Other
FS193: Nketoana	1142	9397	440	447	4494	1193	0	185	19	2
Ward 1	70	1267	40	27	394	126	-	3	1	-
Ward 2	235	879	29	29	548	136	-	12	1	1
Ward 3	160	1600	30	44	230	71	-	36	2	-
Ward 4	223	904	88	41	375	61	-	66	4	1
Ward 5	96	868	24	57	631	45	-	29	3	-
Ward 6	103	840	93	23	734	55	-	21	-	-
Ward 7	68	1264	77	67	473	150	-	12	2	-
Ward 8	99	830	28	40	206	311	-	5	3	-
Ward 9	87	944	29	119	904	239	-	1	3	-

(Source: StatsSA, Census 2011)

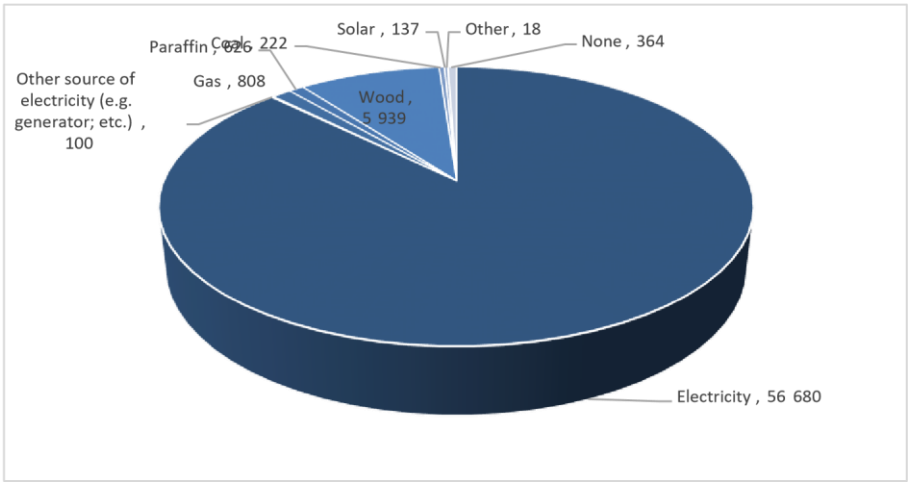

Solar , 137
Other , 18
None , 364
Paraffin , 626
Coal , 222
Other source of electricity (e.g. generator; etc.) , 100
Gas , 808
Wood , 5 939
Electricity , 56 680

Table 3.26: Energy or fuel for lighting: Nketoana, Thabo Mofutsanyana and RSA

	Nketoana	Energy or fuel for lighting as a %: Nketoana	Thabo Mofutsanyana District	Energy or fuel for lighting as a %: Thabo Mofutsanyana	RSA	Energy or fuel for lighting as a %: RSA
None	30	0%	426	0%	46621	0%
Electricity	14661	85%	189939	87%	12242401	85%
Gas	11	0%	246	0%	34347	0%
Paraffin	106	1%	2196	1%	426205	3%
Candles (not a valid option)	2459	14%	24625	12%	1649082	12%
Solar	50	0%	452	0%	51505	0%
Unspecified	-		-			
Not applicable	-		-			

(Source: Census 2011)

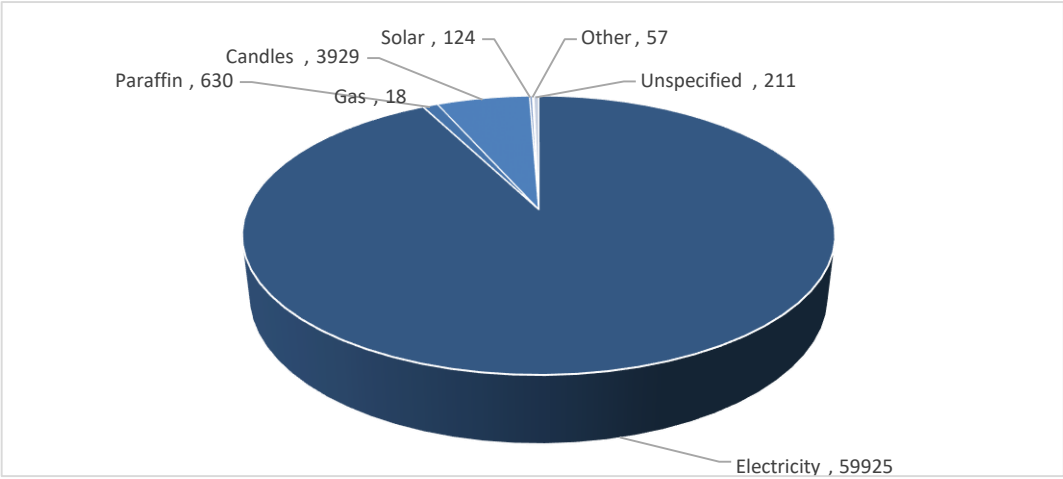
Table 3.27: Energy or fuel for lighting: 2001-2016

	Census 2001		Community Survey 2007		Census 2011		Community Survey 2016	
	Total house-holds	% of households	Total house-holds	% of households	Total house-holds	% of households	Total house-holds	% of households
None	0	0%	0	0%	30	0%	0	
Electricity	11459	76%	12016	72%	14661	85%	59925	92%
Gas	20	0%	17	0%	11	0%	18	0%
Paraffin	213	1%	375	2%	106	1%	630	1%
Candles	3178	21%	4256	25%	2459	14%	3929	6%
Solar	101	1%	0	0%	50	0%	124	0%
Other	67	1%	84	1%	0	0%	57	0%
Not applicable	3	0%	0	0%	0	0%		

Table 3.28: Energy or fuel for lighting according to category and per ward

Wards	None	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar
FS193: Nketoana	30	14661	11	106	2459	50
Ward 1	-	1785	-	3	136	5
Ward 2	3	1716	2	7	142	-
Ward 3	5	2035	-	9	120	4
Ward 4	2	1495	3	7	252	4
Ward 5	5	1328	-	17	391	13
Ward 6	2	1390	1	20	444	12
Ward 7	6	1806	3	4	291	3
Ward 8	1	1461	-	4	56	-
Ward 9	6	1645	3	35	629	8

Table: Energy or fuel for lighting



(Source: Statistics South Africa, Community Survey 2016)

Table 3.30: Situation Analysis, Electricity

Status Quo:	**Reitz Town:** Nketoana receives Bulk Electricity supply from Eskom at an NMD of 8.5 MVA for Reitz Town and distributes it to about 1092 Consumers. The current Demand for Reitz Town is 7.6 MVA. Electricity supply in Reitz is stable with some interruptions due to aged infrastructure and natural causes. Protection on Switch gear at Reitz Main Substation was upgraded during the previous financial year (2021/2022). Reitz town has 07 semi-skilled Personnel to repair and maintain the Electricity Infrastructure. **Mamafubedu Town:** Nketoana receives Bulk Electricity supply from Eskom at an NMD of 1.5 MVA for Mamafubedu Town and distributes it to about 401 Consumers. The current Demand for Mamafubedu Town is 1.3 MVA. Electricity supply in Mamfubedu is stable with some interruptions due to aged infrastructure and natural causes. No project has been implemented in Mamafubedu Town during the previous financial year 2021/2022. Mamafubedu town has 04 semi-skilled Personnel to repair and maintain the Electricity Infrastructure. **Lindley and Ntha.** Nketoana receives Bulk Electricity supply from Eskom at an NMD of 3.5 MVA for Lindley/ Ntha and distributes it to about 4185 Consumers. The current Demand for

	Lindley/ Ntha is 2.6 MVA. Electricity supply in Lindley and Ntha is stable with some interruptions due to aged infrastructure and natural causes. Switch gear at Lindley main Substation was upgraded during the previous financial year 2021/2022 and also a 150m, 50mm^2 XLPE cable was upgraded to 70mm^2 at Lindley Main Substation. A 400m, 11KV line was constructed in Ntha Ext. 5 and 64 households were connected in Ntha Ext. 5 during the Phase 3 Electrification project in 2021/2022. Lindley and Ntha has 07 semi-skilled Personnel to repair and maintain the Electricity Infrastructure.

Nketoana Local Municipality

The following areas within Nketoana Municipality are supplied by Eskom and Nketoana Municipality only repair and maintain Street lights in those areas.

Namely: Petsana Township, Mamafubedu Township, Arlington Town and Leratswana Township.

All Rural areas within Nketoana jurisdiction are also supplied by Eskom.

Areas without access to electricity or other forms of energy	Petsana Ext.6 with 800 sites in Eskom distribution area. These sites need to be occupied for Eskom to electrify them. Petsana Informal Settlements with 2224 sites in Eskom distribution area, These Settlements need to be formalized for Eskom to electrify them.
Areas with access to electricity and the reliability thereof	Reitz town (1092), Mamafubedu town (401), Lindley town (296) and Ntha Township (3889). Electricity supply in is stable in all areas, however with some small interruptions due to aged infrastructure and natural causes.
Other challenges	No other challenges beside the above mentioned.
Other issues:	Attention also need to be paid to installation of Energy efficient street lighting, however the challenge is lack funding.

Table: Organogram

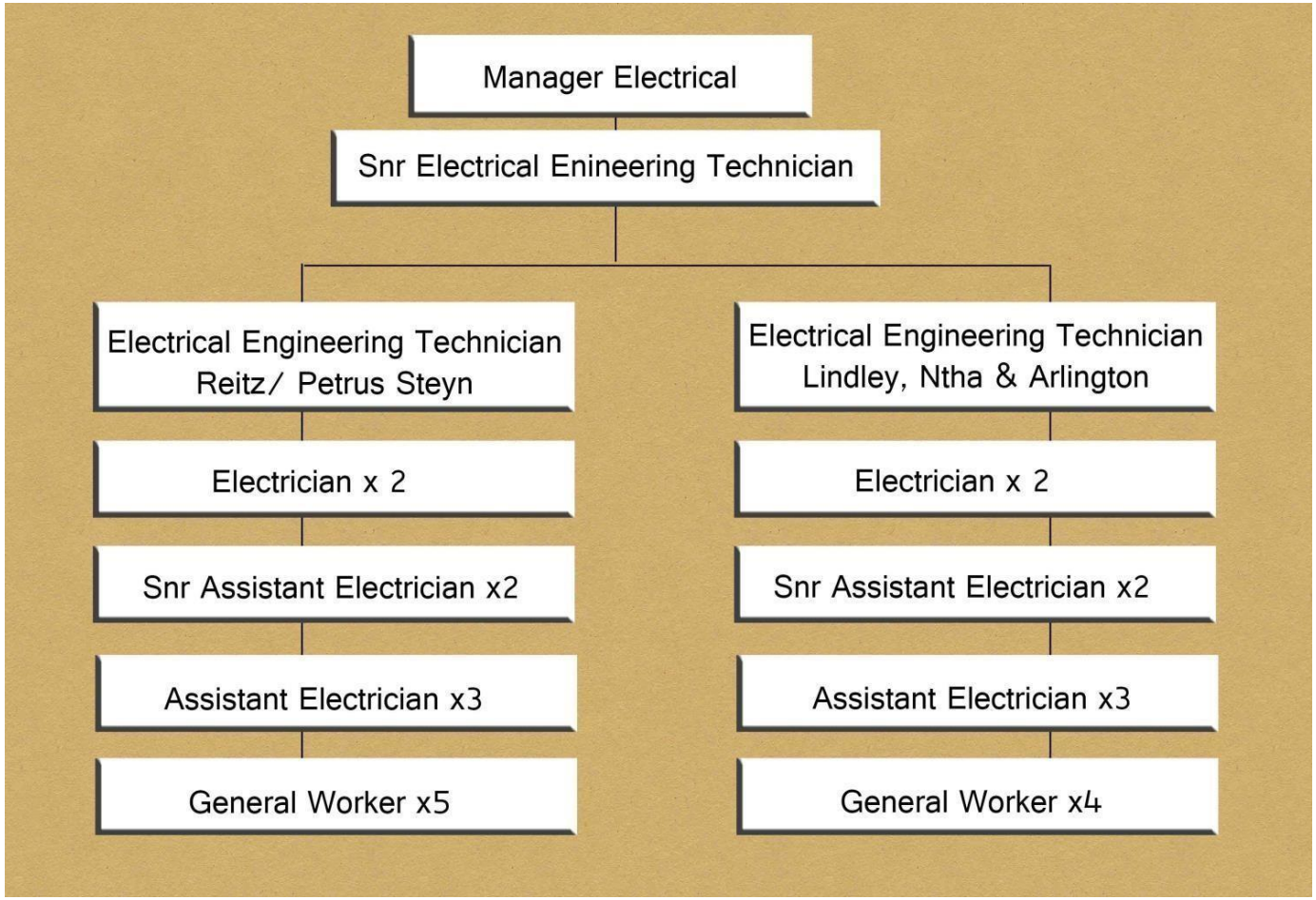


Table : *Status Quo Analysis: Electricity*

Energy source for lighting

Ward	None	Electricity - Solar	Gas - Paraffin	Candles (not a valid option)
Ward 1	0	1,790	3	136
Ward 2	3	1,716	9	142
Ward 3	5	2,040	9	120
Ward 4	2	1,499	10	252
Ward 5	5	1,341	17	391
Ward 6	2	1,402	21	444
Ward 7	6	1,810	7	291
Ward 8	1	1,461	4	56
Ward 9	6	1,653	38	629

Energy source for lighting (Values expressed as %)

Ward	None	Electricity - Solar	Gas - Paraffin	Candles (not a valid option)
Ward 1	0.00%	92.79%	0.16%	7.05%
Ward 2	0.16%	91.76%	0.48%	7.59%
Ward 3	0.23%	93.84%	0.41%	5.52%
Ward 4	0.11%	85.03%	0.57%	14.29%
Ward 5	0.29%	76.45%	0.97%	22.29%
Ward 6	0.11%	75.01%	1.12%	23.76%
Ward 7	0.28%	85.62%	0.33%	13.77%
Ward 8	0.07%	95.99%	0.26%	3.68%
Ward 9	0.26%	71.07%	1.63%	27.04%

Energy source for cooking

Ward	None	Electricity	Gas, paraffin and Solar	Wood, Coal and Animal dung	Other - Not applicable
Ward 1	1	1,628	92	207	-
Ward 2	4	1,515	66	284	-
Ward 3	5	1,929	65	172	2
Ward 4	3	1,368	108	283	1
Ward 5	4	1,215	177	357	-
Ward 6	-	1,044	139	686	-
Ward 7	3	1,490	138	483	1
Ward 8	4	1,271	74	172	-
Ward 9	4	1,370	235	717	-

Energy source for heating

Ward	None	Electricity - Solar	Gas - Paraffin	Wood - Coal	Candles (not a valid option) - Animal dung	Other - Not applicable
Ward 1	70	1,268	67	520	3	-
Ward 2	235	880	58	683	12	1
Ward 3	160	1,602	75	301	36	-
Ward 4	223	908	128	436	66	1
Ward 5	96	871	82	675	29	-
Ward 6	103	840	116	788	21	-
Ward 7	68	1,267	144	623	12	-
Ward 8	99	833	69	517	5	-
Ward 9	87	946	148	1,143	1	-

Alignment with IDP	
IDP Priority 8:	Electricity Reticulation
Strategic Objective:	To ensure that 100% of formal households in the Nketoana municipal area have access to electricity by 2023
Outcomes:	• 100% of households in formal areas with access to electricity • Alternative energy solutions (long-term strategy): 2021/22 Feasibility study to explore alternative sources of energy. • Repair and maintenance of infrastructure.
Vote:	Electricity
Sub-function:	Electricity Distribution

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT 2022/2023	ANNUAL ACTUAL ACHIEVED 2022/2023	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
TECH 17	**Review of Energy Master Plan**	Reviewal of Energy Master plan by 30 June 2023		N/A	N/A	N/A	1 review of energy master plan	**Reviewed Energy Master Plan by June 2023**	**Review of energy master plan was not done**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 18	**Maintenance of Substations in the following towns: Lindley Reitz Mamafubedu**	maintenance of substations by 30 June 2023	2021-2022 substation maintenance report	N/A	N/A	N/A	3 substations maintained. Reitz Mamafubedu Ntha	**Maintained substations in the following towns by June 2023 Reitz Mamafubedu Ntha**	**2 substations were maintained Lindley Reitz**	**PARTIALLY ACHIEVED**	**Test reports**	**Only two substations were maintained due to inadequate internal budget**	**Implement proper budgetary measure in the ensuing financial year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 19	**Electrification of 36 infill households**	Electrification of 36 infill households in Ntha in 30 June 2023	New	N/A	N/A		Electrification of 36 infill households in Ntha	**36 infill household electrified in Ntha by June 2023**	**36 infill household electrified in Ntha**	**YES**	**Completion certificate**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 20	**Repairs and Maintenance of street lights and other infrastructure**	Maintenance of street lights and other electricity infrastructure by June 2023	2021/2022 FY reports	3 monthly reports	3 monthly reports	3 monthly reports	3 monthly reports	**12 Reports of monthly repair and maintenance reports by June 2023**	**12 reports on electricity repair and maintenance**	**YES**	**12 monthly reports**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

TECH 21	**Upgrading of 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley**	Number of upgraded 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley on 30 June 2023	New	N/A	N/A	N/A	Upgrading of 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley	**Upgraded of ed 3.5km, 35 mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley by June 2023**	**3.5km, 35mm of ABCXLPE conductor cable to 70mm fox conductor cable in Lindley was not upgraded.**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year and implement**	**TECHNICAL SERVICES AND INFRASTRUCTURE**

CHAPTER 3

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

INTRODUCTION TO WASTE MANAGEMENT

The waste management section's function is to provide an acceptable, affordable and sustainable cleaning service to all the residents of Nketoana Local Municipality. The refuse removal service is rendered once a week in residential areas and twice a week at business areas to keep the environment clean and habitable. This service is rendered both in townships and towns.

The waste management section services include the cleaning of illegal dumping, the rendering of street sweeping, litter picking and grass cutting services in all CBD's and all main roads within the Nketoana area.

Residential sites:	All residential as well as businesses have access to refuse removal services. Residential areas have a service once a week. All the urban areas are serviced, with refuse removal on a weekly basis. Effective co-ordination of this service enhance the functioning of the thereof.
Business sites:	Businesses are serviced twice per week if necessary.
Resource consideration:	• The equipment used for removal (mostly a tractor and trailer) are old and in poor condition. The procurement of compactor trucks enhanced the service and it is more effectively rendered now. In the budget provision is made for the procurement of a waste compactor. It will prolong the life of landfill sites. • Resources are generally adequate to support current waste disposal requirements.
Indicate all areas or settlements without access in terms of the basic service standards and provide reasons for lack of service	All areas within the municipal jurisdiction have access to the waste collection system except for areas in the informal settlement as well as farm dwellers and rural areas
Recycling:	The number of recyclers that have access to the waste disposal site have been registered with the municipality.
Indicate other challenges that are not highlighted above	Illegal dumping takes place and it is a challenge to stop it. Most towns experience problems with the management of their waste disposal sites, and do not adhere to the requirements of the Department of Water Affairs.
Waste Disposal:	Three of the Waste disposal sites are licensed and there is a new waste disposal facility that is registered with MIG for implementation this financial year.

*Table***:** *Waste Removal: Nketoana, Thabo Mofutsanyana and RSA*

Category	Nketoana	Refuse removal as a %: Nketoana	Thabo Mofutsanyana	Refuse removal as a %: Thabo Mofutsanyana	RSA	Refuse removal as a %: RSA
Removed by local authority/private company at least once a week	12506	72%	107125	49%	8972934	62%
Removed by local authority/private company less often	262	1%	2042	1%	218302	2%
Communal refuse dump	545	3%	8245	4%	271787	2%
Own refuse dump	3225	19%	86680	40%	4075939	28%
No rubbish disposal	682	4%	12254	5%	781999	5%
Other	97	1%	1539	1%	129201	1%

(Source: Census 2011)

Table*: *Waste Removal

Community	Census 2001	Survey 2007	Census 2011

	Total house-holds	% of households		Total house-holds	% of households		Total house-holds	% of households
Removed by local authority at least once a week	9591	64%		10533	63%		12506	72%
Removed by local authority less often	243	2%		316	2%		262	1%
Communal refuse dump	371	2%		100	1%		545	3%
Own refuse dump	3276	22%		4020	24%		3225	19%
No rubbish disposal	1557	10%		1729	10%		682	4%
Not applicable	3	0%		51	0%		97	1%
Total	15039			16748			17317	

(Source: StatsSA)

Table: Waste Removal according to category and per ward

	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other
FS193: Nketoana	12506	262	545	3225	682	97
Ward 1	1481	1	82	321	34	8
Ward 2	1730	8	20	84	20	7
Ward 3	1929	8	-	149	84	4
Ward 4	1252	3	42	384	51	31
Ward 5	1204	17	10	448	46	27
Ward 6	805	14	74	794	177	5
Ward 7	1367	31	21	546	136	12
Ward 8	1339	94	1	32	56	-
Ward 9	1399	85	295	467	78	3

(Source: StatsSA)

Figure / Table 3.36: Waste Removal

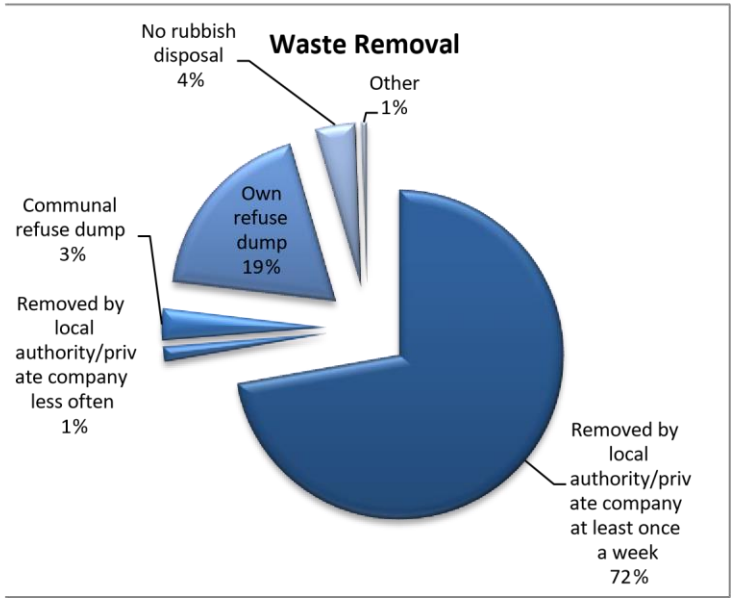




Table: Status Quo Analysis: Refuse Removal

Status Quo:[1]

Ward	RDP and above	Below RDP	No rubbish disposal	Other - Not applicable	Ward	RDP and above	Below RDP	No rubbish disposal	Other - Not applicable
Ward 1	1,482	403	34	8	Ward 1	76.91%	20.91%	1.76%	0.42%
Ward 2	1,738	104	20	7	Ward 2	92.99%	5.56%	1.07%	0.37%
Ward 3	1,938	149	84	4	Ward 3	89.10%	6.85%	3.86%	0.18%
Ward 4	1,255	426	51	31	Ward 4	71.19%	24.16%	2.89%	1.76%
Ward 5	1,221	459	46	27	Ward 5	69.65%	26.18%	2.62%	1.54%
Ward 6	819	868	177	5	Ward 6	43.82%	46.44%	9.47%	0.27%
Ward 7	1,398	567	136	12	Ward 7	66.16%	26.83%	6.44%	0.57%
Ward 8	1,433	33	56	0	Ward 8	94.15%	2.17%	3.68%	0.00%
Ward 9	1,484	762	78	3	Ward 9	63.77%	32.75%	3.35%	0.13%

General: Refuse removal services is classified as satisfactory in some areas, but not in all

Solid Waste

Solid Waste Services	**Y2015/16**	**Y2014/15**	**Y2013/14**	**Y2012/13**	**Y2011/12**
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialized?	No	No	No	No	No
Number of households and non-domestic customers	14 854	14 814	14 578	14 676	13 882
Domestic households with access to free basic services	5 552	4 073	4 909	3 475	3 475

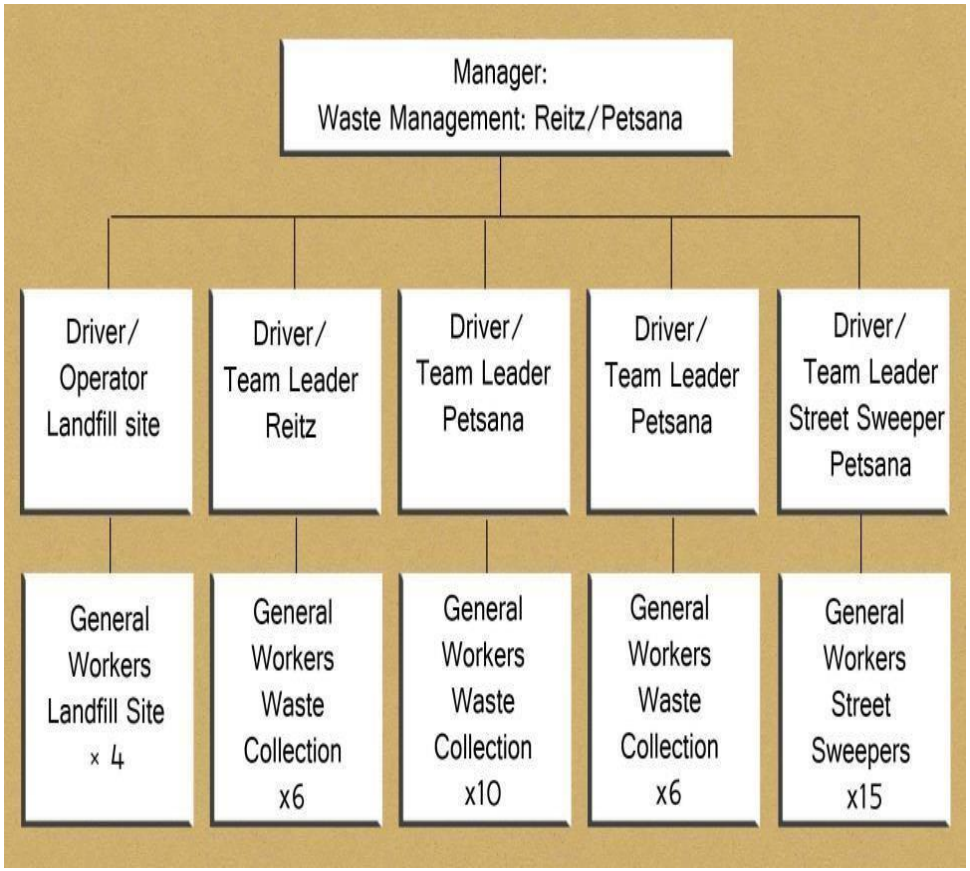
(Source: StatsSa, https://www.localgovernment.co.za)

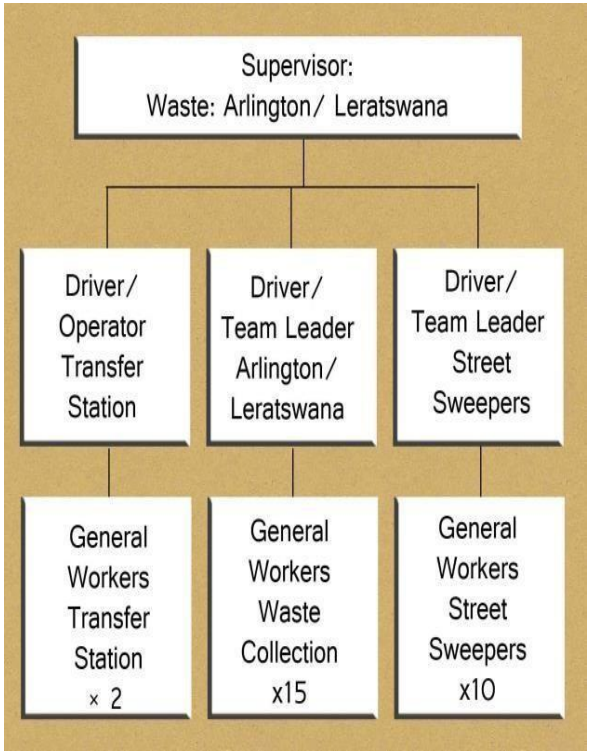
Table: *Summary of Refuse Handling Capacity*

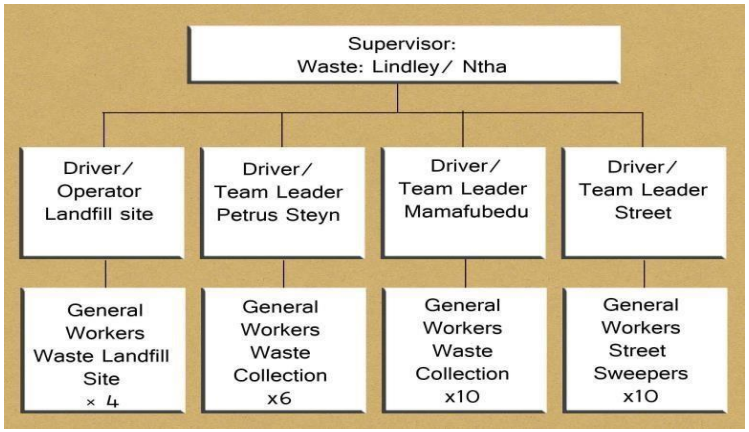
Source of statistics: (StatsSA, 2011): Wards 1 and 2=Mamafubedu (Petrus Steyn); Ward 3 and 4 = Lindley/Ntha; Ward 5=Arlington/Leratswana and Ward 6-9 = Reitz and Petsana

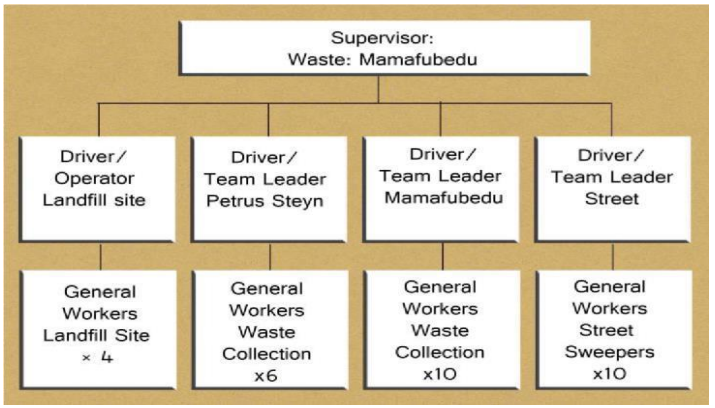
Area	Number of landfill sites	Legal Status	Frequency of refuse removals	Equipment
Reitz/Petsana	1	Legal	Once per week	1 Compactor Truck 2 Tractors with Trailers
Mamafubedu (Petrus Steyn)	1	Not legal	Once per week	2 Tractors with Trailers
Lindley/ Ntha	1	Legal	Once per week	2 Tractors with trailers
Arlington/Leratswana	0 Waste is transferred to Lindley. A transfer station is under development		Once per week	1 Tractor with trailer




Manager:
Waste Management: Reitz/Petsana
Driver/ Operator Landfill site
Driver/ Team Leader Reitz
Driver/ Team Leader Petsana
Driver/ Team Leader Petsana
Driver/ Team Leader Street Sweeper Petsana
General Workers Landfill Site x 4
General Workers Waste Collection x6
General Workers Waste Collection x10
General Workers Waste Collection x6
General Workers Street Sweepers x15


Supervisor:
Waste: Arlington/ Leratswana
Driver/ Operator Transfer Station
Driver/ Team Leader Arlington/ Leratswana
Driver/ Team Leader Street Sweepers
General Workers Transfer Station x 2
General Workers Waste Collection x15
General Workers Street Sweepers x10





IDP Priority 7:	Refuse Removal
Strategic Objective:	To ensure that all households(residential) and businesses in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area
Outcomes:	Licensed and registered landfill sites Improving internal capacity for efficient waste removal Mamafubedu dumping site closed and rehabilitated in phases. Application for closure, cover with top soil, fencing of area. Mamafubedu development of new Landfill Site Ntha development of new Landfill Site 100% of households in formal areas with access to refuse removal services at basic acceptable national standards The national standard requires at least 1 removal every 2 weeks.
Vote:	Waste Management
Sub-function:	Solid Waste

COMMUNITY SERVICES

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT 2022/2023	ANNUAL ACTUAL ACHIEVED 2022/2023	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
COM 1	**Compactor truck purchase**	Number of compactor trucks purchased by 30 June 2023	New	N/A	N/A	N/A	1 Purchased Compactor truck	**1 Purchased compactor truck by June 2023**	**1 compactor truck was purchased**	**YES**	**Photos of the compactor truck Invoice**	**N/A**	**N/A**	**Community Services**
COM 2	**Development of a Solid Waste Disposal Site for Ntha**	Number of Developed Solid Waste Disposal Site Ntha by 30 June 2023	New	N/A	N/A	N/A	1 developed solid waste disposal site in Ntha	**1 Developed solid waste disposal site in Ntha by June 2023**	**No solid waste disposal site in Ntha was developed**	**NO**	**N/A**	**inadequate internal funding**	**Source & Application for funding from provincial government**	**Community Services**
COM 3	**Rehabilitation of Mamafubedu' illegal landfill site**	Number of rehabilitated illegal landfill sites in Mamafubedu on 30 June 2023	New	N/A	N/A	N/A	1 rehabilitated illegal landfill site in Mamafubedu	**1 rehabilitated illegal landfill site in Mamafubedu by June 2023**	**No illegal landfill site in Mamafubedu was rehabilitated**	**NO**	**N/A**	**inadequate internal funding**	**Source & Application for funding from provincial government**	**Community Services**

COM 4	**Clearing of illegal dumps on corners or open areas in residential areas**	Number of cleaning campaigns to clear illegal dumping in all units by 30 June 2023		1 cleaning campaign held	1 cleaning campaign held	1 cleaning campaign held	1 cleaning campaign held	**4 Cleaning campaigns held in all units to clear illegal dumping by June 2023**	**1 cleaning campaign held (Reitz)- illegal dumping sites were cleared**	**NO**	**Photos of campaign (with dates)**	**Lack of proper planning and resources**	**Implement proper internal control on planning and budget for resources procuremen t**	**Community Services**
COM 5	**Weekly refuse removal to households in formal settlements**	Weekly or twice in a month for households and 2-3 times for business sites(weekly)		Weekly or twice in a month for households and 2-3 times for business sites(weekly)	Weekly or twice in a month for households and 2-3 times for business sites(weekly)	Weekly or twice in a month for households and 2-3 times for business sites(weekly)	Weekly or twice in a month for households and 2-3 times for business sites(weekly)	**Weekly or twice in a month for households and 2-3 times for business sites(weekly) Households – 16 634 Businesses - 239**	**Collection was not adequately done weekly or twice in a month for households and 2-3 times in a week for business sites, however there were issues due to lack of resources**	**NO**	**Monthly reports**	**Collection was not done adequately as scheduled due to lack of resources and planning**	**Proper planning will be implemente d in the new financial year**	**Community Services**
COM 6	**Develop and Approve Integrated waste management Plan**	Number of Integrated waste management Plan developed and approved by 30 June 2023	New	N/A	N/A	N/A	1 Developed and approved integrated waste management plan	**Develop and approved integrated waste management plan by 30 June 2023**	**No integrated waste management plan was developed**	**NO**	**1 approved integrate waste management plan Council resolution**	**Lack of proper time management for community engagements on the document**	**Engage community on time and implement proper internal controls submit inputs to council for approval**	**Community Services**
COM 7	**Upgrading of Leratswana sport facility**	Number of upgraded sport facility in Leratswana by 30 June 2023	New	Design stage	Tender Stage	Appoint of a contractor	Construction	**Upgraded sport facility in Leratswana by June 2023**	**No upgrading of sport facility in Leratswana was done**	**NO**	**Design report Tender advert Appointment letter Acceptance letter Progress report**	**The project is at construction phase and not yet done Design were done**	**Implement proper monitoring of the project and report accordingly**	**Community Services**

												Tender advert was placed. An Appointment of contractor was done. Progress report		
COM 8	**Disaster management plan development**	Development of Disaster management plan	New	N/A	N/A	N/A	1 development of disaster management plan	**1 Developed and approved Disaster management plan by June 2023**	**No disaster management plan developed**	**NO**	**N/A**	**Awaiting council approval**	**To speed up the council processes**	**Community Services**

CHAPTER 3

3.5 HOUSING

INTRODUCTION

In terms of Schedule 40: part A of the constitution of the Republic of South Africa, Housing is the concurrent function of national and provincial departments. The Housing unit is limited to a facilitation role to ensure that the state subsidised houses (RDP) are built through various housing programmes as outlined in the National Housing Policy.
The mission of the Housing unit within the Community Services Department is to facilitate the delivery of sustainable human settlements, affordable, adequately serviced land, security of tenure and a well-located housing opportunity through:

- partnership with the provincial department of human settlements in conducting consumer education;
- mobilisation of well-located land for low income and affordable housing with increased densities;
- ensuring higher built densities, appropriate housing forms with a variety of tenure types, and the densification
- of existing residential areas;
- introduction of rental strategy as an alternative to the existing housing backlogs; and
- facilitates eradication of informal settlements through the various housing programmes

Table: Analysis of Access to Dwellings: 2001, 2007, 2011, 2016

Main Dwelling	Census 2001	CS 2007	Census 2011	CS 2016
House or brick structure on a separate stand or yard	55.30%	56.40%	71.30%	80.80%
Traditional dwelling/hut/structure made of tradional materials	16.10%	5.90%	3.80%	1.60%

Main Dwelling	Census 2001	CS 2007	Census 2011	CS 2016
Flat in block of flats	0.30%	0.60%	0.70%	0.00%
Town/cluster/ semi-detached house (simplex: duplex: triplex)	0.40%	0.40%	0.10%	0.00%
House/ flat/ room in back yard	1.10%	1.40%	0.90%	0.00%
Informal dwelling/s shack in backyard	5.20%	6.70%	13.60%	6.50%
Informal dwelling/s shack NOT in backyard e.g. in an informal/squatter settlement	21.00%	25.20%	8.80%	8.60%
Room/flatlet not in back yard but on a shared property	0.60%	1.80%	0.10%	
Caravan or tent			0.10%	

Service Delivery trends (Basic Services)

	Census 2001		community survey 2007		census 2011	
	Total dwellings	**Type of dwelling as %**	**Total dwellings**	**Type of dwelling as %**	**Total dwelling**	**Type of dwelling as %**
House or brick structure on a separate stand or yard	8240	55%	9448	56%	12355	71%
Traditional dwelling/hut/structure made of traditional materials	2400	16%	983	6%	655	4%
Flat in block of flats	43	0%	100	1%	112	1%
Town/cluster/semi-detached house (simplex: duplex: triplex)	53	0%	61	0%	11	0%
Semi-detached house					50	0%
Townhouse (semi-detached house in a complex)					18	0%
House/flat/room in back yard	167	1%	236	1%	163	1
Informal dwelling/shack in back yard	771	5%	1127	7%	2351	14
Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	3123	21%	4214	25%	1528	9

Room/flatlet not in back yard but on a shared property	82	1%	303	25%	25	0%
Caravan or tent	22	0%	0	0%	12	0%
Private ship/boat	3	0%	0	0%		
Workers' hostel (bed/room)			38	0%		
Tourist hotel/motel	0	0%				
Hospital/medical facility/clinic/frail care centre	4	0%				
Childcare institution/orphanage	0	0%				
Home for the disabled	0	0%				
Boarding school hostel	3	0%				
Initiation school	0	0%				
Convert/monastery/religious retreat	0	0%				
Defence force barracks/camp/ship in harbour	3	0%				
Prison/correctional institution/police cells	4	0%				
Community or church hall	0	0%				
Refugee camp/shelter for the homeless	0	0%				

Homeless	3	0%					
Other	0	0%		239	2%	37	0%
Not applicable	120	1%					
Total	15039			16748		17317	

Dwelling according to Wards in Nketoana

	House or brick/concrete block structure on a separate stand or yard or on a farm	Traditional dwelling/hut/structure made of traditional materials	Flat or apartment in a block of flats	Cluster house in complex	Townhouse (semidetached house in a complex)	Semidetached house	House/flat/room in backyard	Informal dwelling (shack; in backyard)	Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	Room/flatlet on a property or larger dwelling/servants quarters/granny flat	Caravan
FS193: Nketoana	12355	655	112	11	18	50	163	2351	1528	25	
Ward 1	1661	19	9	-	1	1	13	172	41	-	
Ward 2	1070	11	24	4	2	13	6	359	377	-	-
Ward 3	1478	48	12	-	4	16	8	434	164	-	
Ward 4	1212	118	9	6	1	4	2	343	55	6	-
Ward 5	1327	104	6	-	1	4	11	182	113	2	-
Ward 6	1363	163	23	1	1	3	23	187	89	7	
Ward 7	1713	178	11	-	6	7	55	73	56	11	
Ward 8	1264	7	7	-	-	-	18	189	35	-	-
Ward 9	1267	7	12	-	1	3	27	411	597	-	

Table: *Housing – Census 2011*

Category	Unit of measurement	Y2001	Y2011
Persons	Number of Persons	61950	60324
Households	Number of households	15039	17318
Average household size	Number of persons/house	4.11	3.48
Female headed households	Percentage / households	40% (5975 of 15039)	41% (7056 of 17318 households)
Formal dwellings	Percentage / households	73% (10953 of 15039)	77% (13390 of 17318)
Informal dwellings	Percentage/ households	27% (4086 of 15039)	23% (3928 of 17318)

Table: Housing – Community Survey 2016

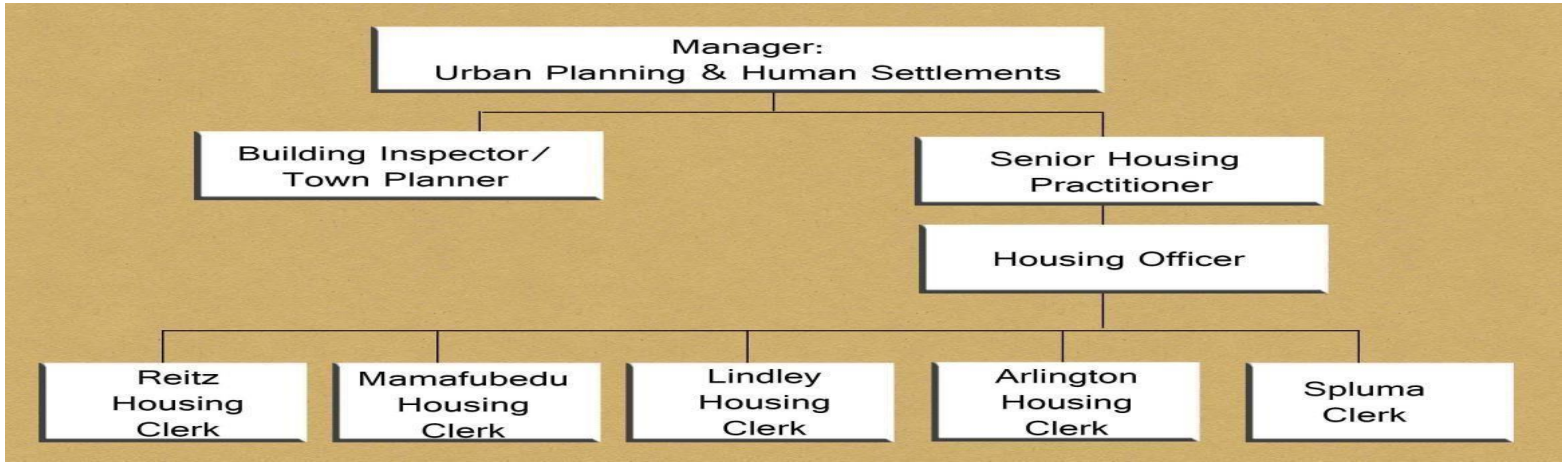
Main dwelling	Number	%
Brick structure on separate stand	52 461	80.80%
Traditional dwelling/hut/structure made of traditional mater	1 019	1.60%
Flat or apartment in a block of flats	14	0%

Cluster house in complex	0	0%
Townhouse (semi-detached house in a complex)	0	0%
Semi-detached house	43	0%
Formal dwelling/house/flat/room in backyard	1 166	1.80%
Informal dwelling/shack in backyard	4 228	6.50%
Informal dwelling/shack not in backyard (e.g. in an informal	5 585	8.60%
Room/flatlet on a property or larger dwelling/servants quart	119	0%
Caravan/tent	0	0%
Other	258	0%
Unspecified	0	4%

Stats SA; Community Survey 2016

Table: Organogram





IDP Priority 4:	Urban Planning
Strategic Objective:	To ensure effective Urban Planning that will promote proper spatial planning to address sustainable development and social cohesion
Outcomes:	Develop/Review the SDF to ensure credibility that will be approved by Council by the closing of the 2022/23 financial year Review of a housing sector plan that will be approved by Council by the closing of the 2022/23 financial year New township establishment[s] according to the SDF Develop Land Use Scheme for Nketoana by the end of the 2022/2023 financial year Consolidation of erven Housing demand database/ Re-register all housing needs on National Housing Needs Register
Vote:	Planning and Development
Sub-function:	Not Required

LOCAL ECONOMIC DEVELOPMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4						
LED 1	**Creating employment opportunities**	Number of employment opportunities created on 30 June 2023	New	**N/A**	**N/A**	**N/A**	**5 employment opportunities created**	**employment opportunities created by June 2023**	**YES**	**5 businesses created Photos**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 2	**Review and approval of LED strategy**	Number of reviewed and approved LED strategy on June 2023	New	**N/A**	**N/A**	**N/A**	**1 LED Strategy review and approved**	**1 LED Strategy reviewed and approved**	**YES**	**LED strategy Council Resolution**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 3	**Project support and streamlining of opportunities to SMME's**	Number of socio-economic development opportunities identified and facilitated streamlining to SMME's on June 2023	New			**2 socio-economic development opportunities identified and facilitated streamlining to SMME's**	**2 socio-economic development opportunities identified and facilitated streamlining to SMME's**	**4 socio-economic development opportunities identified and facilitated streamlining to SMME's by June 2023**	**YES**	**SMME's applications Reports of Workshops and registers**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 4	**Review and approval of the Tourism Strategy/Plan**	Number of reviewed tourism strategy/plan by 30 June 2023	New	**N/A**	**N/A**	**N/A**	**1 Tourism strategy reviewed and approved**	**1 Reviewed and approved tourism strategy / plan by 30 June 2023**	**NO**				
LED 5	**Review and approval of the SDF**	Number of SDF reviewed and approved by Council by 30 June 2023	Outdated SDF	**N/A**	**N/A**	**1 SDF review and council approval**	**N/A**	**1 SDF reviewed and approved by council by 30 June 2023**	**YES**	**Review SDF , Council Resolution**	**N/A**	**N/A**	
LED 6	**Percentage of Land Development / Use Applications**	Percentage of land use applications received and	New	**100% of land uses applications**	**100% of land uses applications**	**100% of land uses applications**	**100% of land uses applications**	**100% of land use applications received and**	**PARTIALLY ACHIEVED**	**Review SDF, Council Resolution**	**Q1&beginning of Q2 there was no**	**Q3&Q4 the vacancies were filled and the**	**LED, TOURISM & PLANNING**

	received and addressed .	addressed by 30 June 2023		**received and assessed**	**received and assessed**	**received and assessed**	**received and assessed**	**addressed by 30 June 2023**		**Register of land use, Report**	**director and building inspector**	**indicators were attended to and achieved**	
LED 7	**Percentage of Submitted building plans assessed timeously**	Percentage of building plans applications received and addressed by 30 June 2023	New	**N/A**	**N/A**	**100% of building plans applications received and assessed**	**100% of building plans applications received and assessed**	**100% of building plans applications received and addressed by 30 June 2023**	**PARTIALLY ACHIEVED**	**Building plans register**	**Q1& beginning of Q2 there was no director and building inspector**	**Q3&Q4 the vacancies were filled and the indicators were achieved**	**LED, TOURISM & PLANNING**

CHAPTER 3

COMPONENT B: ROAD & STORM WATER

3.6 ROADS & STORM WATER

This component includes: roads; transport; and waste water (storm water drainage).

INTRODUCTION TO ROAD TRANSPORT

Table: *Status Quo Analysis: Roads & Storm water*

Status Quo:	Refer to Tables below

General, Roads:	• The condition of roads and storm water in Nketoana needs urgent attention. Although quite a significant part of roads in the towns are tar roads, the condition is deteriorating. • Paved roads were constructed in Petsana, Mamafubedu, Ntha and Leratswana. It was an immense improvement and made all areas more accessible.
Storm water:	• Storm water management is still a challenge to the municipality. The gradient of the areas are is of such a nature that considerable damage can be caused by rain water. The paving of roads prevent damage. It is nevertheless still necessary to improve existing stormwater channels and construct more in each area; especially those areas traditional developed urban areas. • The following stormwater challenges were noted in the Roads and Storm water Masterplan (Nketoana Local Municipality, Roads and Stormwater Masterplan, 2011): • Construction of sewer manholes in stormwater channels and hence increasing the incidence of Stormwater Ingress into the sewer systems which studies have indicated that has adverse effects on the capacity of the wastewater treatment works. Standards have to be developed such that the service providers work in accordance with the best practice procedures. • Inadequate sizing of the critical hydraulic structures in the various streams in all the towns which lead to serious flooding • The stormwater channels are seemingly constructed with grades that are lower than the stipulated minimum grades and hence the high incidence of the development of water puddles in the open stormwater drains. In addition, this problem also manifests itself as severe sedimentation/silting with the problematic areas leading to large quantities of sand being deposited in the affected areas

	• Major stormwater challenges are experienced in Ntha. To alleviate this problem, a new gabion-lined stormwater channel is required. • Inadequate sizing of culverts that threaten to wash away the newly constructed roads.
Status of arterial roads / internal roads	• Access roads are priorities • Streets and storm water network need to be better maintained • Ageing tar roads become not accessible • There is a need to properly maintain gravel roads; but the huge backlog in this regard remains a problem • Some roads are used by heavy vehicles – attention must be given to allocate specific roads to heavy vehicles to keep them out of the CBD areas of the main towns.



Table: Road Length and Road Category Summary

Road Length Summary

Settlement	Tarred(m)	Paved(m)	Gravel(m)	Dirt(m)	Total(m)
Petsana	8,947	2,686	40,703	0	**52,336**
Reitz	39,918	0	1,283	0	**38,201**
Mamafubedu	1,872	5,756	25,414	2,326	**35,369**
Petrus Steyn	8,320	0	9,136	1,420	**18,876**
Ntha	559	6,169	29,015	0	**35,744**
Lindley	4,682	0	12,266	0	**16,948**
Leratswana	715	3,408	10,214	0	**14,337**
Arlington	3,158	0	1,853	124	**5,134**

Road Category Summary

Category	Road Type	Length (km)	Percentage	Percentage
UA	Gravel	0.0	0.00%	
	Paved	0.0	0.00%	
	Tarred	4,254.9	100.00%	**11.10%**
	Dirt	0.0	0.00%	
	Total	4,254.9		
UB	Gravel	0.0	0.00%	
	Paved	0.0	0.00%	
	Tarred	3,804.5	100.00%	**10.00%**
	Dirt	0.0	0.00%	
	Total	3,804.5		
UC	Gravel	0.0	0.00%	
	Paved	0.0	0.00%	
	Tarred	4,093.1	100.00%	**10.70%**
	Dirt	0.0	0.00%	
	Total	4,093.1		
UD	Gravel	1,282.9	4.90%	
	Paved	0.0	0.00%	
	Tarred	24,765.5	95.10%	**68.20%**
	Dirt	0.0	0.00%	
	Total	26,048.5	0.00%	

Table: *Transportation Infrastructure* (Nketoana SDF, 2010-2011)

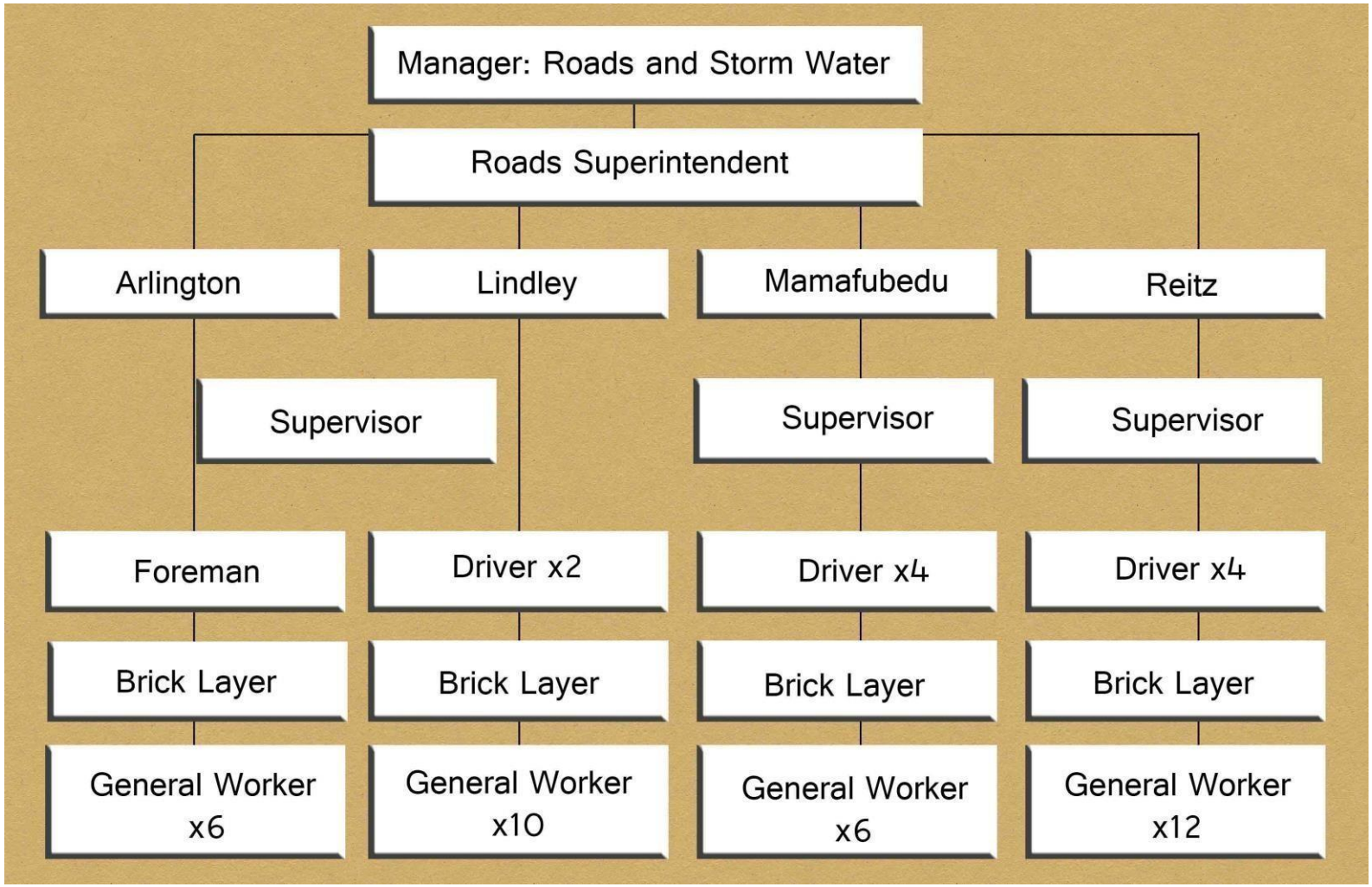
Infrastructure	Reitz / Petsana	Mamafubedu (Petrus Steyn)	Arlington / Leratswana	Lindley / Ntha
Roads	A variety of road networks links Reitz-Petsana with the surrounding area and other urban centers.	The provincial road R57 between Reitz and Heilbron are also the main access to Mamafubedu (Petrus Steyn).	The provincial road P40/1 between Lindley and Senekal are also the main access to Arlington. Arlington-Leratswana is developed in a linear form and	The R707 between Arlington and Mamafubedu (Petrus Steyn) is the main road link and separates Lindley and Ntha.

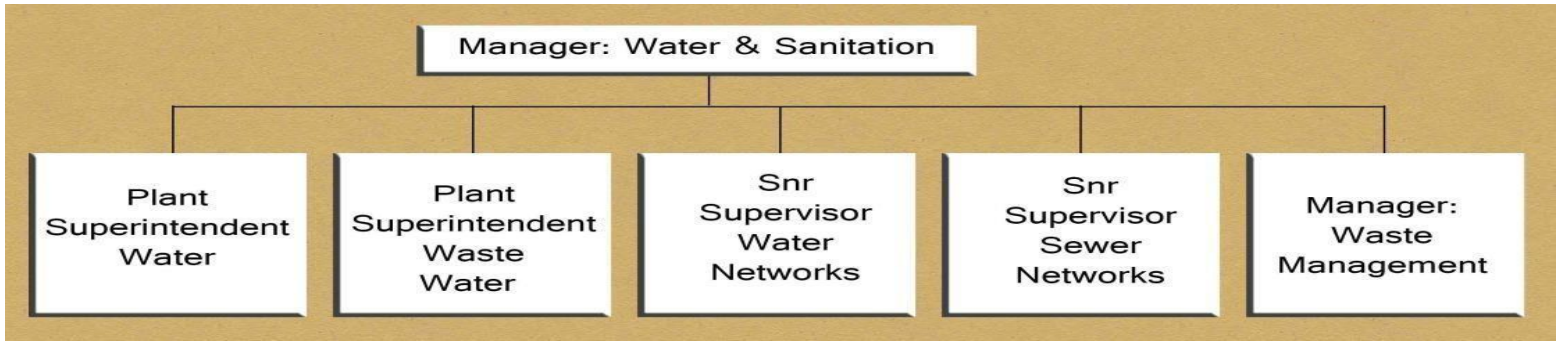
	The provincial road R26 links Reitz with Bethlehem to the southwest and with Frankfort to the northeast.	Mamafubedu (Petrus Steyn) is linked to Lindley and Frankfort with the road R707 and to Edenville with the secondary road S/66.	must receive careful future planning.	The P19/1 links Lindley with Steynsrus and Bethlehem and the S/192 links Lindley with Reitz.
Infrastructure	**Reitz / Petsana**	**Mamafubedu (Petrus Steyn)**	**Arlington / Leratswana**	**Lindley / Ntha**
	The provincial road R57 links Reitz with Mamafubedu (Petrus Steyn) to the north and Kestell to the south. Reitz is linked to Vrede with the secondary road S/589 and Warden with S/74.			

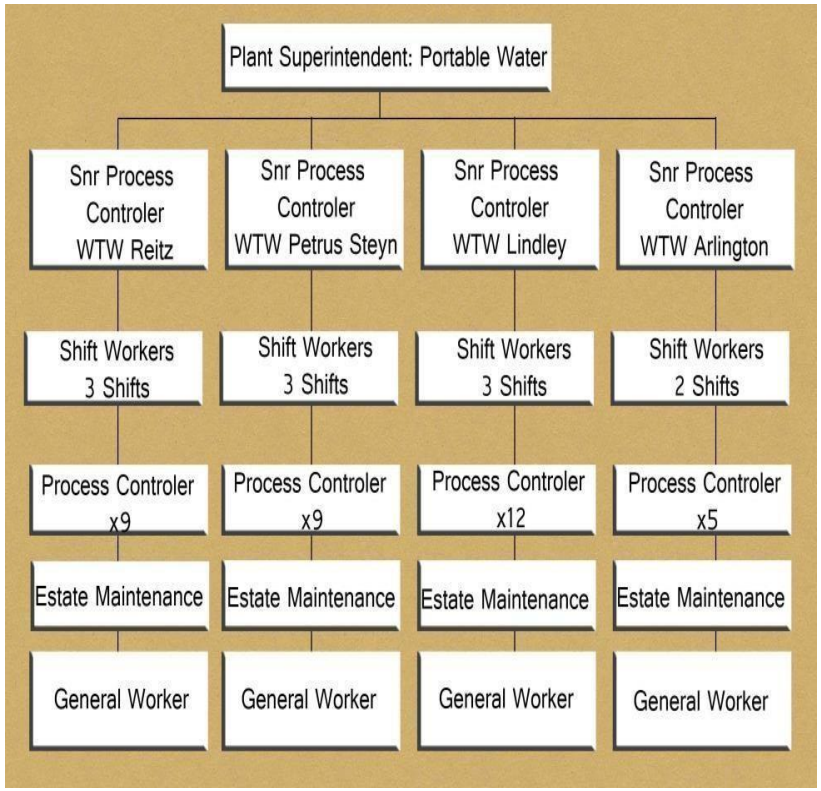
Rail	The Reitz-Petsana station services the main railway line linking Gauteng and the Eastern Free State, used predominantly for the transportation of goods, especially agricultural goods. The station is situated next to the industrial area.	The railway station is accessible from both Mamafubedu (Petrus Steyn) and has access to the industrial area. It is situated on the line linking Heilbron and Lindley. The line is mainly used for goods transportation, especially to and from the grain silos. The railway station buildings are worn down and vandalized.	The railway line, that links Bethlehem and Steynsrus, runs through Arlington and was responsible for the establishment of Arlington and still poses economic developmental potential.	The railway line between Arlington and Mamafubedu (Petrus Steyn) runs just south of Lindley. The station is dormant, but should be re-opened and upgraded to promote economic development.
Air	There is no airport, but there is an airstrip north of the Reitz-Petsana urban area. It is principally used by crop-sprayers. The runway is not tarred.	There are no airfields or landing strips.	There are no airfields or landing strips.	There is an informal landing strip.
Public Transport	People from Petsana that works in Reitz walk there, due to the close proximity. Alternatively, there is taxi's servicing Petsana.	Taxis provide the predominant public transportation to especially the people of Mamafubedu.	Taxis provide the predominant public transportation. The taxi rank needs proper development and upgrading.	There is a need for a proper taxi rank.

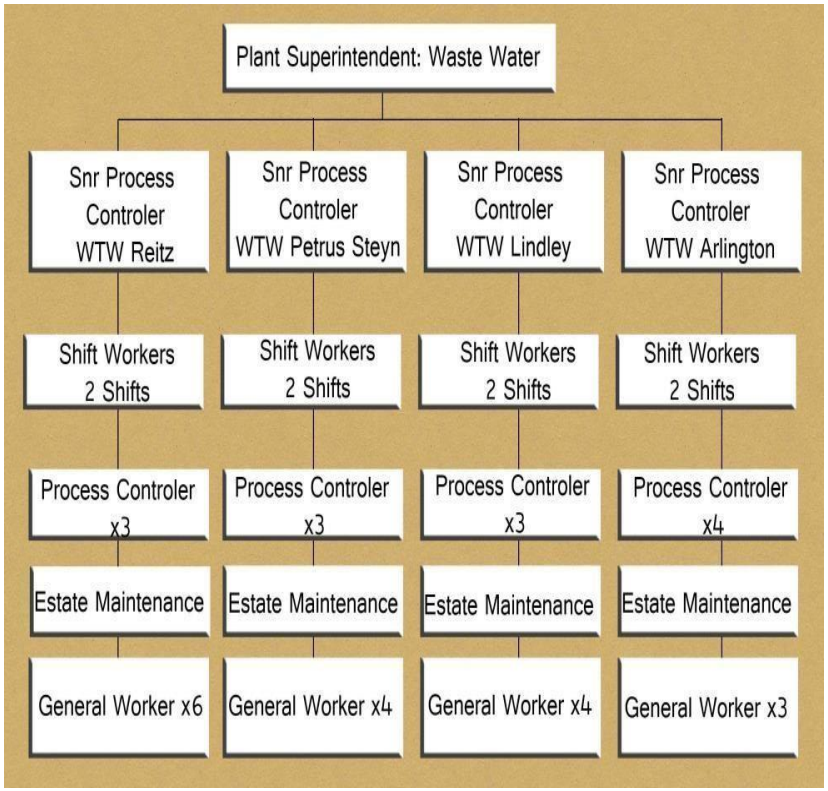
(Source: Nketoana SDF, 2010,11)

ORGANOGRAM


Manager: Roads and Storm Water
Roads Superintendent
Arlington
Lindley
Mamafubedu
Reitz
Supervisor
Supervisor
Supervisor
Foreman
Driver x2
Driver x4
Driver x4
Brick Layer
Brick Layer
Brick Layer
Brick Layer
General Worker x6
General Worker x10
General Worker x6
General Worker x12


Manager: Water & Sanitation
Plant Superintendent Water
Plant Superintendent Waste Water
Snr Supervisor Water Networks
Snr Supervisor Sewer Networks
Manager: Waste Management





IDP Priority 3:	Municipal Roads and Transport
Strategic Objective:	To ensure that internal roads in the Nketoana municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality, considering the capacity limitations facing the Municipality

Outcomes:	• Resealing of roads in Petsana and Mamafubedu during the 2022/23 financial year • Review of 1 Roads and Storm water master plan
Vote:	Roads & Transport
Sub-function:	Roads

TECH 15	**Resealing of roads (1km) in two towns Petsana Mamafubedu**	Number of KM Resealing of roads in all towns by 30 June 2023	New	Tender Stage	Appointment of contractor	Construction	Completion of construction	**Resealed roads in two towns by June 2023**	**No roads were sealed in Petsana and Mamafubedu**	**NO**	**N/A**	**Failure to perform and deliver by local contractors (SMME'S)**	**Reducing the scope of the local contractors**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 16	**Review of the Roads and Infrastructure Master Plan**	Number of Master Plan reviewed on 30 June 2023	New	N/A	N/A	N/A	1 Master plan reviewer and approved	**Reviewed Road and Infrastructure Master Plan by June 2023**	**No reviewed road and infrastructure master plan**	**NO**	**N/A**	**Inadequate budget**	**Implement proper budgetary measures for 2023-2024 Financial Year**	**TECHNICAL SERVICES AND INFRASTRUCTURE**
TECH 16 (a)	**Roads and Storm water Repairs and Maintenance**	To repair and maintain roads, storm water infrastructure on a continuous basis as required or demand by 30 June 2023	2022/2023 maintenance reports	3 monthly maintenance reports3	3 monthly maintenance reports3	3 monthly maintenance reports3	3 monthly maintenance reports3	**12 Monthly maintenance reports by June 2023**	**12 reports for maintenance**	**YES**	**Monthly Reports**	**N/A**	**N/A**	**TECHNICAL SERVICES AND INFRASTRUCTURE**


STOP

COMPONENT C: PLANNING & DEVELOPMENT

3.7 PLANNING AND LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION

Agriculture is the main economic activity in the municipality. Others of importance are private households, wholesale, retail and community and social services. If these statistics are analysed, it is clear that, additional to agriculture, the only meaningful job opportunities in the area are provided by private households (for domestic workers) and by the shops and other businesses in the main towns. The ability of the Nketoana Municipality to create additional employment opportunities is also limited.

The investment of the VKB Chicken project is one of the major developments in the municipality. The abattoir is situated in Reitz and it is planned to create a 1 000 new sustainable jobs for local people. Several farmers are producing broiler chicks on contract for the abattoir. The possibility is now investigated to get a contract for broiler chickens as a community project in Petsana. The municipality has available land for such a project. The promotion of agro-processing plants and other value adding industries should be encouraged in order to diversify the economy of the area. In Reitz are several small to medium industries, all of which is aimed at satisfying local market needs.

Currently there are no facilities available for the development and training of skills. The promotion of skills development programmes locally are a crucial part of industrial and general employment stimulation. The utilization of existing facilities (e.g. land, buildings, and railways) for industrial promotion purposes is important.

Tourism is the one economic action that has very high potential. In all units of Nketoana there are several guest houses, lodges and guest farms.

Each of these facilities has its own attractions and when properly marketed, it can promote tourism in Nketoana.

The population of the area is very poor. The registration of indigent community members is annually a project driven by the CFO and his department. This is an effort to ensure that the poorest of the poor enjoy the benefit of free basic services as promised by the government. An alarmingly high percentage of the Nketoana population reflects no income, implying extremely high poverty levels. Statistics indicate that at least 68 % of the population is poor.

The municipality has developed a LED Strategy and a draft document is now available. It has to be taken for public consultation and approval by Council. The aim of the document is to aggressively develop SMME and empower entrepreneurs to run sustainable businesses and thus create an income for themselves.

There is always the pitfall to guard against that the community expect the municipality to create jobs, whereas the municipality can only ensure jobs by creating a conducive environment for local economic development.

Table: Annual Household

Ward	No income	R 1 - R 4800 - R 9601 - R 19 600	R 19 601 - R 38 200 - R 38 201 - R 76 400	R 76 401 - R 153 800 - R 153 801 - R 307 600	R 307 601 - R 614 400 - R 1 228 801 - R 2 457 600
Ward 1	34	806	824	218	45
Ward 2	98	821	816	117	17
Ward 3	304	937	755	155	22
Ward 4	201	660	601	239	63
Ward 5	174	735	679	139	26
Ward 6	73	557	785	323	131
Ward 7	114	751	728	395	126
Ward 8	103	656	618	133	12
Ward 9	148	1,155	909	104	9

Ward	No income	R 1 - R 4800 - R 9601 - R 19 600	R 19 601 - R 38 200 - R 38 201 - R 76 400	R 76 401 - R 153 800 - R 153 801 - R 307 600	R 307 601 - R 614 400 - R 1 228 801 - R 2 457 600
Ward 1	1.76%	41.83%	42.76%	11.31%	2.34%
Ward 2	5.24%	43.93%	43.66%	6.26%	0.91%
Ward 3	13.99%	43.12%	34.74%	7.13%	1.01%
Ward 4	11.39%	37.41%	34.07%	13.55%	3.57%
Ward 5	9.93%	41.93%	38.73%	7.93%	1.48%
Ward 6	3.91%	29.80%	42.00%	17.28%	7.01%
Ward 7	5.39%	35.53%	34.44%	18.68%	5.96%
Ward 8	6.77%	43.10%	40.60%	8.74%	0.79%
Ward 9	6.37%	49.68%	39.10%	4.47%	0.39%

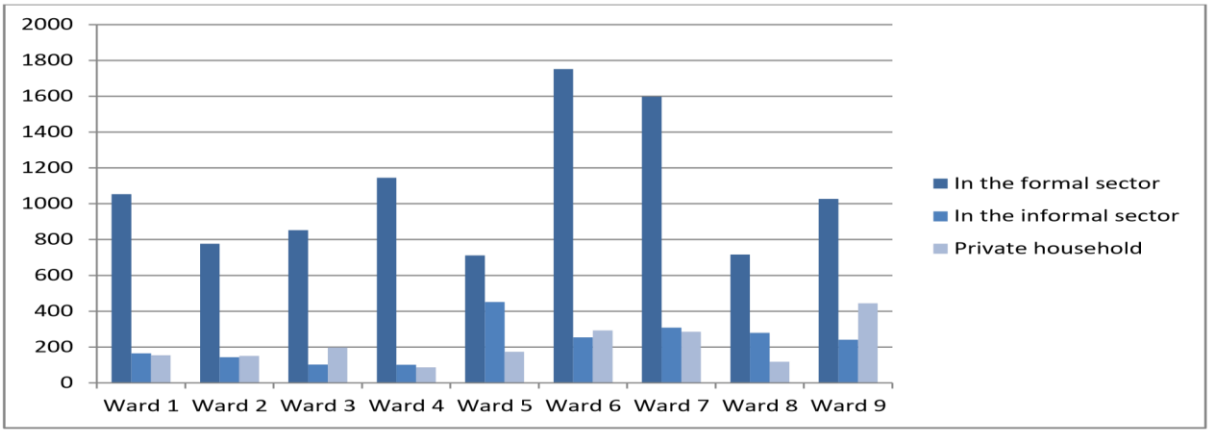
(Source: Stats SA,

Table: Sector Type of Economic Activity

Ward	In the formal sector	In the informal sector	Private household	Do not know	Not applicable
Ward 1	1,053	165	154	46	5,367
Ward 2	777	143	150	6	6,429
Ward 3	852	102	197	7	6,767
Ward 4	1,145	101	87	7	4,527
Ward 5	712	451	173	5	4,701
Ward 6	1,752	254	292	24	4,191
Ward 7	1,597	308	285	16	4,247
Ward 8	716	279	118	2	4,018
Ward 9	1,027	241	444	67	6,323

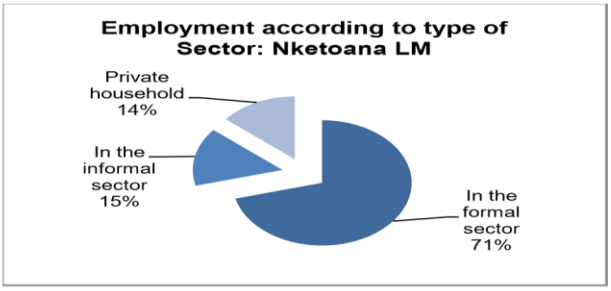
Ward	In the formal sector	In the informal sector	Private household	Do not know	Not applicable
Ward 1	15.52%	2.43%	2.27%	0.68%	79.10%
Ward 2	10.35%	1.91%	2.00%	0.08%	85.66%
Ward 3	10.75%	1.29%	2.49%	0.09%	85.39%
Ward 4	19.52%	1.72%	1.48%	0.12%	77.16%
Ward 5	11.78%	7.46%	2.86%	0.08%	77.81%
Ward 6	26.90%	3.90%	4.48%	0.37%	64.35%
Ward 7	24.75%	4.77%	4.42%	0.25%	65.81%
Ward 8	13.95%	5.44%	2.30%	0.04%	78.28%
Ward 9	12.68%	2.97%	5.48%	0.83%	78.04%

52: Economic sectors per ward

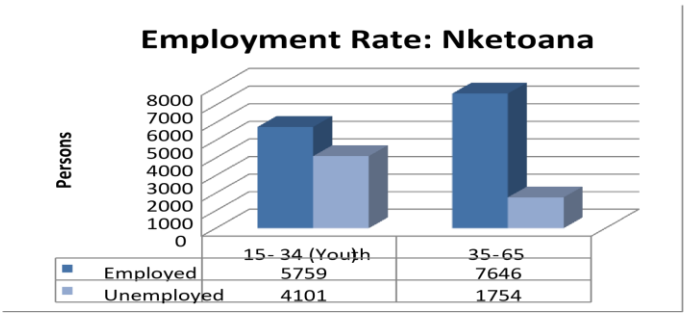


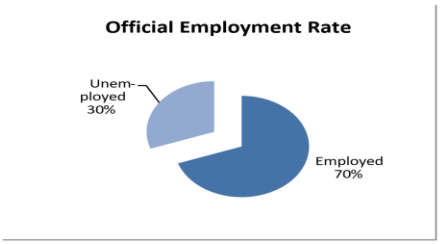
	In the formal sector	In the informal sector	Private household
FS193: Nketoana	9630	2045	1900
Ward 1	1053	165	154
Ward 2	777	143	150
Ward 3	852	102	197
Ward 4	1145	101	87
Ward 5	712	451	173
Ward 6	1752	254	292
Ward 7	1597	308	285
Ward 8	716	279	118
Ward 9	1027	241	444

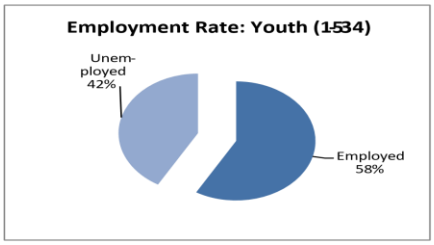
(Source: Stats SA, Census 2011)

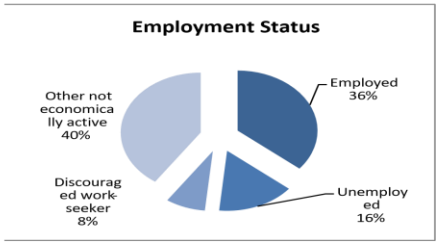


53: Labour and Educational Profile: 2011 Census







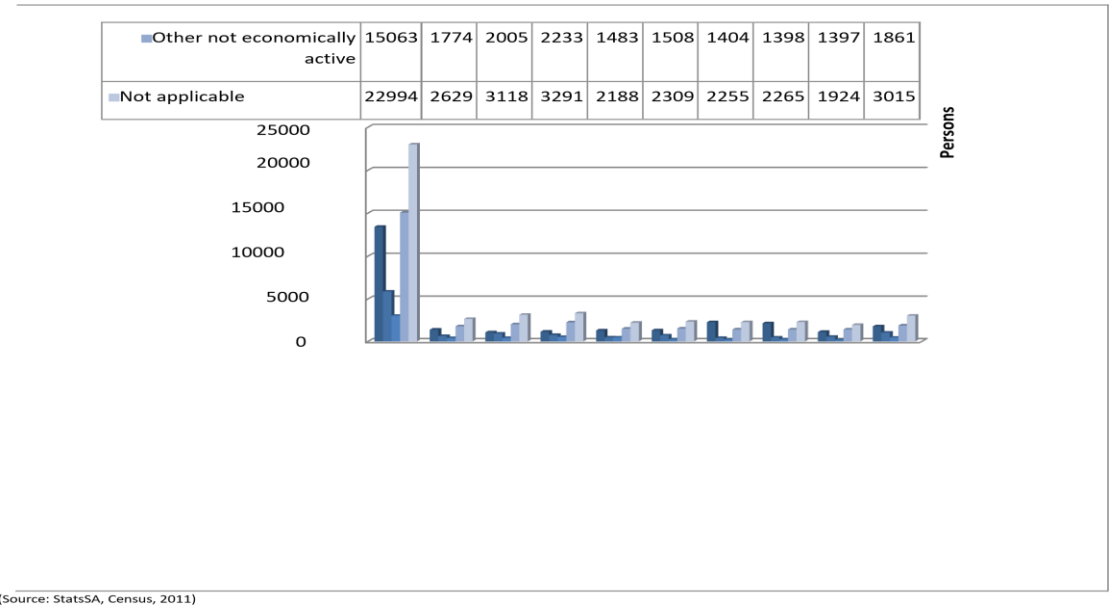


(Source: StatsSA, Municipal Fact Sheet, Census, 2011)

54: Employment profile per ward (StatsSA, Census, 2011)

Employment Status as per ward: Nketoana

STATUS	NKT FS 193	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8	Ward 9
Employed	13406	1377	1063	1139	1289	1297	2250	2117	1106	1766
Unemployed	5855	623	921	751	457	697	396	451	535	1025
Discouraged work-seeker	3007	382	397	512	449	231	207	220	172	435



(Source: StatsSA, Census, 2011)

Table: Employment Rate versus Qualifications Grade 12 and higher

	Employed			Unemployed	
	15 - 34 (Youth)	35 - 65		15 - 34 (Youth)	35 - 65
Grade 12 / Std 10 / Form 5	1660	1382		1232	279
NTC I / N1/ NIC/ V Level 2	14	19		6	2
NTC II / N2/ NIC/ V Level 3	9	22		4	-
NTC III /N3/ NIC/ V Level 4	12	24		9	2
N4 / NTC 4	17	12		7	-
N5 /NTC 5	21	13		14	1
N6 / NTC 6	24	32		18	4
Certificate with Grade 12 / Std 10	57	74		19	9
Diploma with Grade 12 / Std 10	107	279		28	9
Higher Diploma	83	303		15	6
Post Higher Diploma Masters; Doctoral Diploma	10	43		2	1
Bachelors Degree	77	162		8	-
Bachelors Degree and Post graduate Diploma	23	78		1	3
Honours degree	31	88		-	-
Higher Degree Masters / PhD	6	45		-	2

(Source: StatsSA, Census, 2011)

Table: *Level of Education* (StatsSA, Census, 2011)

	Gade 0 - Grade 7 / Std 5/ ABET 3	Grade 8 / Std 6 / Form 1 - N6 / NTC 6	Certificate with less than Grade 12 / Std 10 - Diploma with less than Grade 12 / Std 10	Certificate with Grade 12 / Std 10 - Post Higher Diploma Masters; Doctoral Diploma	Bachelors Degree - Bachelors Degree and Post graduate Diploma	Honours degree - Higher Degree Masters / PhD	Other - Not applicable
FS193: Nketoana	20994	24279	97	1338	440	222	12954
Ward 1	2253	2704	17	177	48	33	1553
Ward 2	2846	2869	2	91	15	12	1670
Ward 3	3063	2977	6	117	23	21	1719
Ward 4	1969	2377	5	152	57	26	1280
Ward 5	2219	2386	2	98	39	7	1290
Ward 6	2087	2387	30	283	120	62	1543
Ward 7	2105	2722	32	254	113	52	1174
Ward 8	1643	2386	1	115	9	2	978
Ward 9	2810	3472	1	51	16	6	1746

(Source: StatsSA, Census, 2011)

Table*: Income distribution (Individual Monthly Income)*

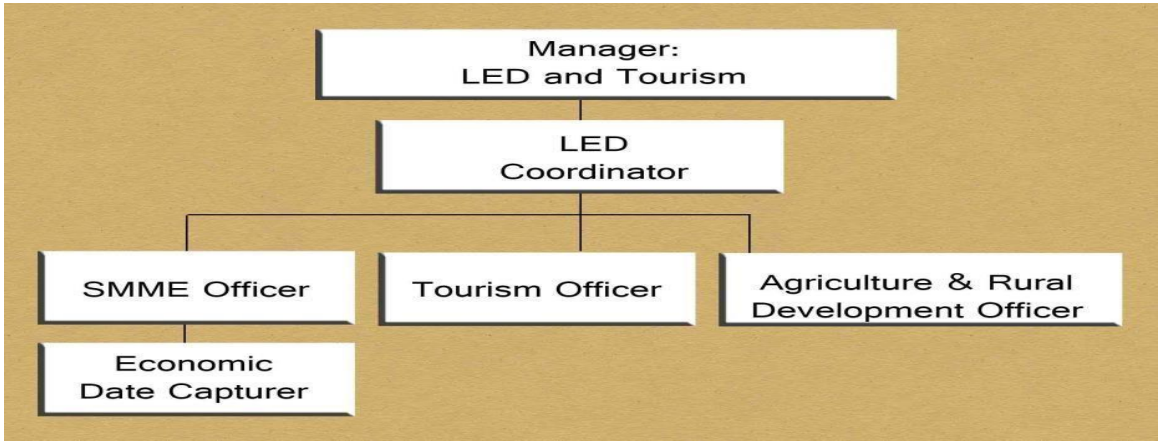
	No income	**R 1 - R 400 - R 1 601 - R 3 200**	**R 3 201 - R 6 400 - R 12 801 - R 25 600**	**R 25 601 - R 51 200 - R 102 401 - R 204 800**	**R 204 801 or more**
FS193: Nketoana	19325	35187	3493	337	26

Ward 1	1328	4666	403	39	3
Ward 2	2004	5246	184	8	1
Ward 3	3118	4315	262	19	-
Ward 4	2192	2885	467	45	2
Ward 5	2122	3381	258	20	3
Ward 6	1847	3387	715	103	8
Ward 7	2069	3344	752	88	6
Ward 8	1766	3095	237	10	1
Ward 9	2880	4867	216	7	1

(Source: StatsSA, Census 2011)

ORGANOGRAM


Directorate Community Services
Director: Community Services
Executive Secretary
Manager: Parks, Cemetery, Sports & Recreation
Manager: Housing & Urban Planning
Manager: Led and Tourism
Public Safety Manager
Manager: Waste Management


Manager: LED and Tourism
LED Coordinator
SMME Officer
Tourism Officer
Agriculture & Rural Development Officer
Economic Date Capturer

IDP Priority 5:	*Local Economic Development*
Strategic Objective:	*To create employment opportunities in the Nketoana municipal area*
Outcomes:	• *60 employment opportunities created through targeted IDP and LED projects – including learner ships by the closing of the 2022/23 financial year* • *60 employment opportunities created through EPWP initiatives by the closing of the 2022/23 financial year*
GFS Function:	*Planning and Development*

LOCAL ECONOMIC DEVELOPMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4						
LED 1	**Creating employment opportunities**	Number of employment opportunities created on 30 June 2023	New	**N/A**	**N/A**	**N/A**	**5 employment opportunities created**	**employment opportunities created by June 2023**	**YES**	**5 businesses created Photos**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 2	**Review and approval of LED strategy**	Number of reviewed and approved LED strategy on June 2023	New	**N/A**	**N/A**	**N/A**	**1 LED Strategy review and approved**	**1 LED Strategy reviewed and approved**	**YES**	**LED strategy Council Resolution**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**
LED 3	**Project support and streamlining of opportunities to SMME's**	Number of socio-economic development opportunities identified and facilitated streamlining to SMME's on June 2023	New			**2 socio-economic development opportunities identified and facilitated streamlining to SMME's**	**2 socio-economic development opportunities identified and facilitated streamlining to SMME's**	**4 socio-economic development opportunities identified and facilitated streamlining to SMME's by June 2023**	**YES**	**SMME's applications Reports of Workshops and registers**	**N/A**	**N/A**	**LED, TOURISM & PLANNING**

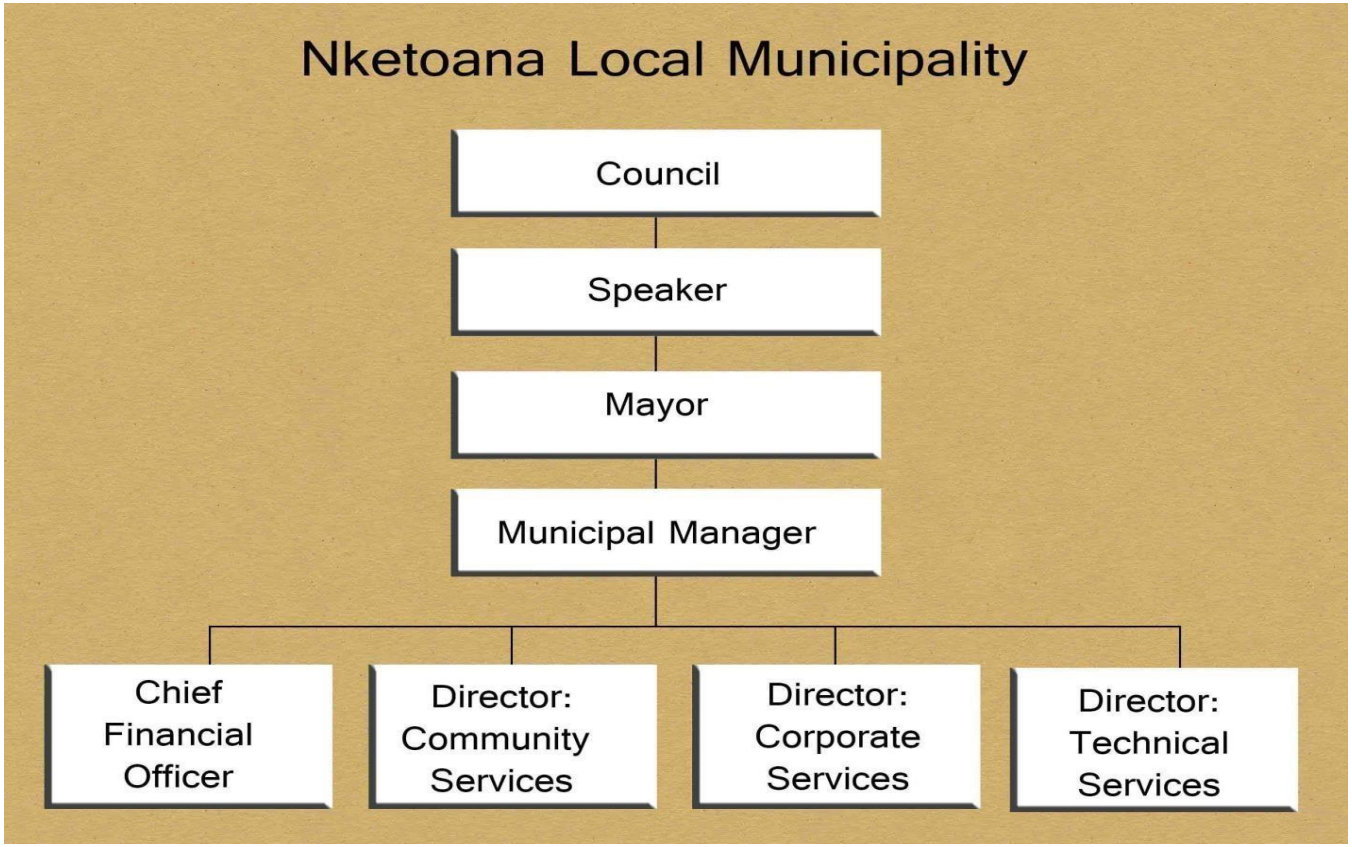
LED 4	**Review and approval of the Tourism Strategy/Plan**	Number of reviewed tourism strategy/plan by 30 June 2023	New	**N/A**	**N/A**	**N/A**	**1 Tourism strategy reviewed and approved**	**1 Reviewed and approved tourism strategy / plan by 30 June 2023**	**NO**				
LED 5	**Review and approval of the SDF**	Number of SDF reviewed and approved by Council by 30 June 2023	Outdated SDF	**N/A**	**N/A**	**1 SDF review and council approval**	**N/A**	**1 SDF reviewed and approved by council by 30 June 2023**	**YES**	**Review SDF , Council Resolution**	**N/A**	**N/A**	

The Nketoana Municipality offers its communities, potential investors and other stakeholders several dynamic opportunities. The municipality is situated close to the important N3 main road between two of the country' primary economic centers, namely those of Durban / Pietermaritzburg and the Gauteng economic hinterland, Johannesburg / Tshwane. The Council's development focus is especially on the following opportunities:

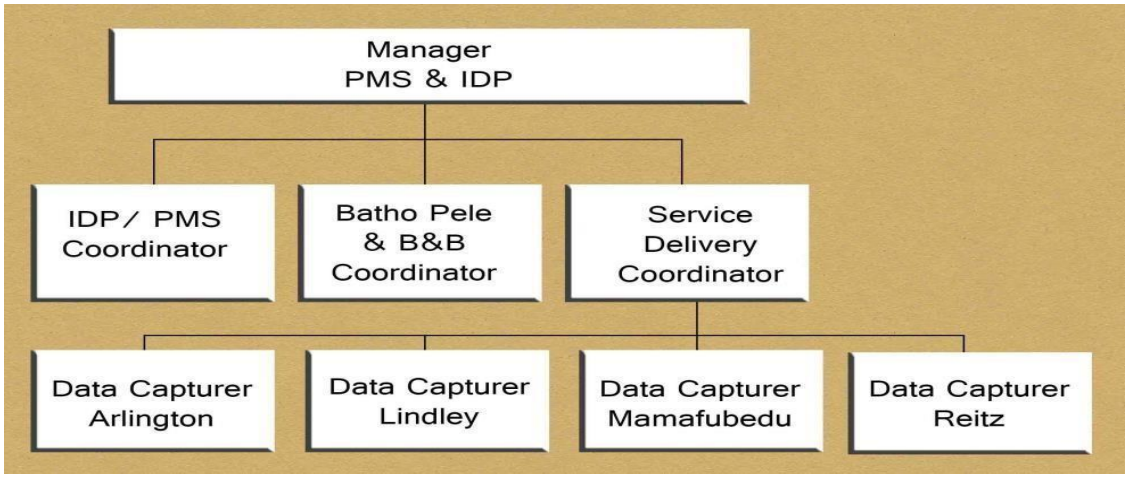
Development Opportunity	Focus Initiatives
Economic growth	• Tourism is the main focus area for expanded economic growth. • Creation of a conducive environment for local economic development and job creation is a central theme in the Municipality's local economic development initiatives.
Development Opportunity	**Focus Initiatives**
	• The Council supports national government's focus on SMME and BBBEE development. There is also an understanding of the importance of promoting local industries, but due to the rural nature of the area, it is not always possible to obtain the required skills and resources required by the Municipality from local sources.
Improved Service Delivery	• It is the Municipality's primary role to ensure basic services to its citizens in an equal and balanced manner. These include services such as water, sanitation, refuse removal, waste disposal and the maintenance of roads, streets and pavements. • The maintenance of infrastructure and replacement of ageing infrastructure is a high priority for the Council. Lack of resources severely limits Council's capacity to achieve this.
Good Governance	• The Council continuously strives improve the efficiency of its political and administrative systems, structures and processes. • It is a high priority for Council to involve its citizens in decisions affecting them. • Improved financial viability and consistent efforts to improve the efficiency of the municipality's administration and management systems and processes are high priorities.
Integrated Human Settlements	• The Municipality has managed to increase access to housing, but the backlog stays a challenge. • The Municipality currently prioritizes the review of its Spatial Development Framework and the design of an appropriate land use management system.

Social and Community Development	It is important for the Council to ensure good quality and well-maintained sport facilities, parks and community halls for its communities.

Table: Organogram




Office of the Municipal Manager
Municipal Manager
Executive Secretary
Manager
Internal Audit
Manager:
PMS & IDP
IT Manager
Communication
Liaison Officer
IT Technician
Internal Audit
Officer
Risk Management
Officer
IT Officer x2


Manager
PMS & IDP
IDP/ PMS
Coordinator
Batho Pele
& B&B
Coordinator
Service
Delivery
Coordinator
Data Capturer
Arlington
Data Capturer
Lindley
Data Capturer
Mamafubedu
Data Capturer
Reitz



CHAPTER 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.8 COMMUNITY AND SOCIAL SERVICES

INTRODUCTION

CEMETERIES

There is sufficient cemetery space in Reitz, but Petsana has a newly established cemetery. There are four cemeteries that are fully utilized and closed. Due to high death rate, future cemetery areas need to be identified as a matter of urgency.

In Petrus Steyn and Mamfubedu there is adequate cemetery space and cemeteries are in a good condition. There is 1 in each settlement that needs to be maintained, fenced and upgraded and another east of the town. There are 2 cemeteries that were fully utilized and have been closed.

In Arlington and Leratswana existing cemeteries are inadequate and a new one has been planned for the Huguenot Farm. Ablution facilities have to be constructed at the existing cemeteries. There are 2 cemeteries that are fully utilized and closed.

The Lindley cemetery is almost fully utilized. A new site has to be identified or the Ntha cemetery needs to be expanded. There are 3 cemeteries that are fully utilized and closed. The Ntha cemetery is adequate over the short term, bust has to be properly maintained and upgraded. The community has also requested ablution facilities at the existing cemeteries.

SOCIAL AND COMMUNITY PROFILE

Table: Social and Community Infrastructure

Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
Education	Reitz-Petsana has 4 primary schools, 2 secondary schools, 1 combined school and a Christian Academy. In Reitz there is a satellite District Office of the Department of Education. There is also 1 boarding school and some crèches.	Petrus Steyn has 1 primary school (400 learners), 1 secondary school (1117 learners) and 2 crèches. Mamafubedu has 2 primary schools (1 085 and 1 371 learners), 1 secondary school (1 024 learners) and 4 crèches.	There is 1 primary school and 1 secondary school in Leratswana, as well as 2 crèches.	In Lindley and Ntha there are primary and secondary schools, as well as several crèches and day care facilities.
Health Services	Reitz-Petsana boasts a fully equipped provincial hospital with 2 wards and 65 beds. It operates 24 hours a day. There is a municipal clinic in Petsana, a community clinic in Reitz, trauma centre and a stepdown facility.	Petrus Steyn as 1 clinic and a mobile clinic services the rural areas. Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies. All units render homebased services, with volunteers trained by the Provincial Department of Health.	There is 1 clinic in Leratswana. Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies.	There is a clinic in Lindley, but it is not satisfactory to the community, due to a lack of nursing staff and doctors. Furthermore, "Bato Pele Principles" are not practices by staff.

Welfare Services	The following social welfare services are available, under guidance of the Department of Social Welfare: • Social workers from Kinderlike Maatskaplike Dienste (KDM).	Welfare organisations are available in Petrus Steyn and Mamafubedu. Welfare services are rendered by Kinderlike Maatskaplike Dienste (KMD). Social workers from the provincial department, from the Bethlehem	Welfare services are rendered by Kinderlike Maatskaplike Dienste (KMD). Social workers from the provincial department, from the Bethlehem office, render service once a week.	Welfare services are rendered by Kinderlike Maatskaplike Dienste (KMD). Social workers from the provincial department, from the Bethlehem office, render service once a week.

Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
		office, render service once a week.		There is 1 old age home.

Social Services	• Social workers from the Department of Social Welfare that provide weekly or bi-weekly visits, • Two development workers - stationed in Bethlehem. • Pension applications done every Tuesday. • Service centre for the aged. • Four registered crèches in Petsana. • Five job creation projects. • Two old age homes namely Sisters of St Paul and Huis Sorgvry. • A number of home-based care groups.	There are 2 old age homes and a Centre for disabled people.		

	• Women's groups. • Various facilities and projects.			

Churches	Numerous churches represent the denominational spectrum are available	Numerous churches represent the denominational spectrum are available.	All denominations are represented.	There are several churches of all denominations.
Government	Government and semi-government functions located in Reitz-Petsana are Magistrate's Office, South African Police Service, Provincial Traffic, Public Works and Roads, Agriculture, and the Regional Education Department.	Government functions located in Petrus Steyn is Magistrate's Office, and the South African Police Service. The Municipal offices are located in Petrus Steyn.		
Nature	**Reitz / Petsana**	**Petrus Steyn / Mamafubedu**	**Arlington / Leratswana**	**Lindley / Ntha**

Sports, Recreation, Conservation and Tourism	Community hall Sports Facility SMME Hub Community Hall in Petsana The Piet Geyer Sport Park is situated in Reitz and the Petsana Sports Grounds in Petsana. These grounds provide various sport facilities, like soccer, rugby, tennis, netball, volley ball, basketball, cricket, athletics and swimming. The Petsana Sports Grounds needs to be upgraded. A 9-hole golf course is next to the Vrede Road outside Reitz. Recreation services are provided in the form of a caravan park, various parks and open spaces and also the "Bietjie-Water" holiday resort on the Warden Road, 8 km from Reitz. Tourist attractions are flower farms, bird farms, 2 lion farms	Community hall Sports Facility Youth Development Centre There is a privately owned sports grounds northeast of Petrus Steyn. In Petrus Steyn soccer, rugby, golf, horse riding, bowls, tennis, netball, basketball, squash, athletics, badminton and jukskei are on offer. In Mamafubedu soccer, volleyball, karate, boxing, Softball, table tennis and pool are practiced, regardless of the lack of formal facilities. Various festivals are held annually, like the Sunflower Festival. There is a hotel, numerous guesthouses, 3 game farms and the renowned Kruispad missionary church available to tourists. There are also flower, nut and bird farms and the annual stud auctions that attract visitors to the area.	Community halls in Arlington as well as Leratswana Arlington has 1 sport facility. Leratswana only has a soccer field, in poor condition. Arlington hosts the Agri-Tourist Route at Wisp-Will Game Lodge and has many other game farms as tourist attractions, especially for hunting. There are walking trails and annual stud auctions.	Community hall Sports Facility Tourism centre Lindley has a functional multipurpose sport facility close to the Vals River, north of the town. Ntha has an allocated sport site, but it is not developed. There are also various undeveloped parks. The Vals River runs next to LindleyNtha and subsequently various riverside, as well as wetland areas, exist in the area that are of ecological sensitivity and requires proper conservation management. Lindley is the birthplace of Dr Danie Craven. It also has an annual festival called Kuierfees. It has 1 holiday resort, 3 B&Bs and 1 guest farm. There is also the Yeomanny Koppies and graves, famous due to its Anglo- Boer War heritage. The Piekniekdraai resort has great potential and should be developed.

	and various national monuments. Tourist events are the Bieliemielie (maize) festival in summer, the annual motorbike festival and VKB rugby week. There are 3			In Ntha is a historic Dutch Reformed Church.
	guesthouses, 1 hotel, 1 guest lodge and 1 caravan park and 1 holiday resort. There is a game			
Nature	**Reitz / Petsana**	**Petrus Steyn / Mamafubedu**	**Arlington / Leratswana**	**Lindley / Ntha**
	park within Reitz, with black wildebeest, zebras, ostriches, and so forth. There are also annual stud auctions.			

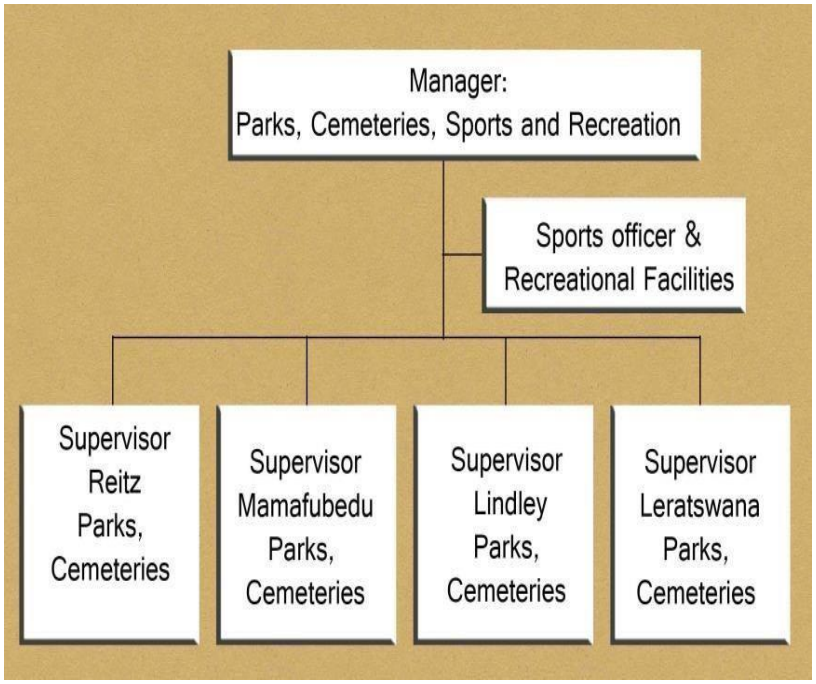
Emergency Services	An ambulance service assists Reitz, its district and Petrus Steyn. The local call centre is at Reitz, but it is slow and inadequate. The municipality has a fire brigade service, linked to the traffic department and ambulance service; it services the entire Nketoana.	Qualified paramedical personnel, in conjunction with an ambulance service from Reitz are utilised. The call centre was moved to Bloemfontein, but sometimes there are no answer and long waiting periods for the ambulance. The road conditions in Mamafubedu hamper emergency service delivery. The municipality has a fire brigade service and focus on the municipal area within a 5 km radius. Outside this radius, farmers receive fire hydrants and similar equipment.	Ambulances from Senekal are dispatched from the Bloemfontein call centre. Firefighting services are rendered from Reitz.	Lindley has an ambulance station, with the call centre in Bloemfontein that is not functioning well. There is a bakkie with a fire fighter.
Safety & Security	The SAPS has a Community Service Centre in Reitz and Community Policing Forum.	The SAPS has a local police station in Petrus Steyn and a community policing structure as support.	The SAPS has a Community Service Centre in Arlington and Community Policing Forum.	The SAPS has a Community Service Centre in Lindley and Community Policing Forum.

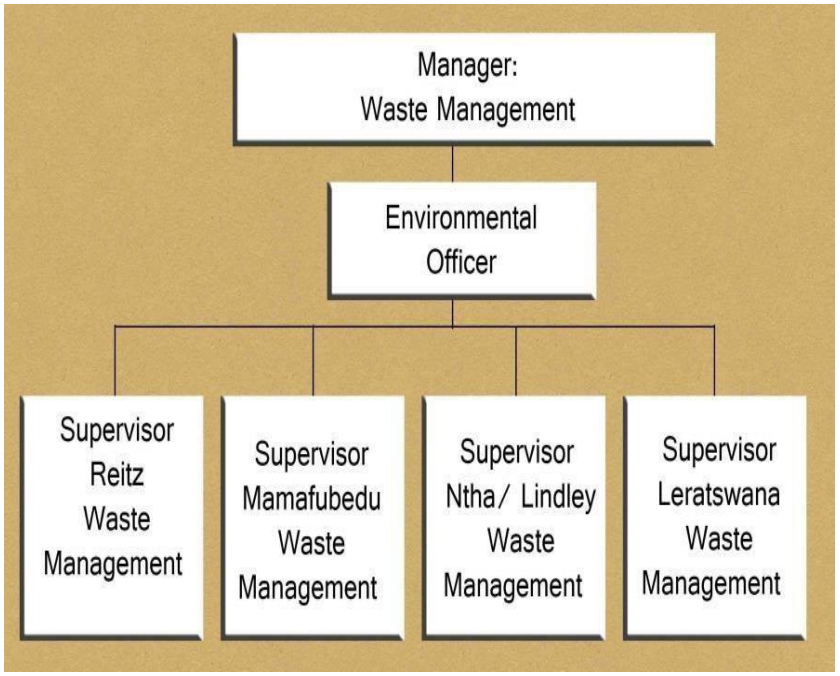
Other community facilities	Reitz-Petsana each hasa community hall and libraries.	Petrus Steyn accommodates the post office and Telkom offices. There is a library in Petrus Steyn and another in Mamafubedu. Mamafubedu also has a community hall.	Arlington-Leratswana each has a conveniently located community hall. There is a post office in Arlington. The library is housed by the primary school.	Lindley and Ntha each have a community hall and libraries. There is a post office in Lindley. The town hall in Lindley is a historic sand stone building that needs upgrading.

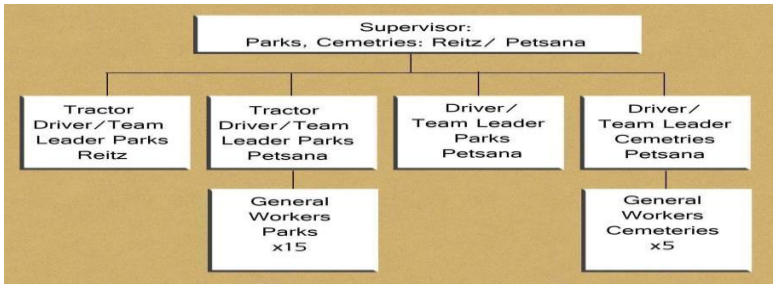
(Source: Nketoana SDF, 2010,2011)

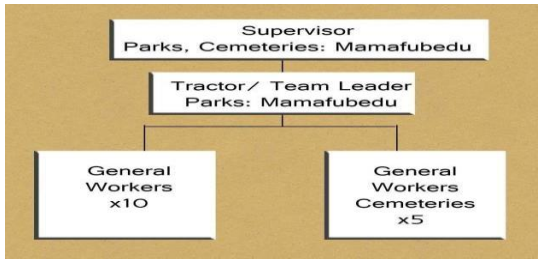
Table: Organogram

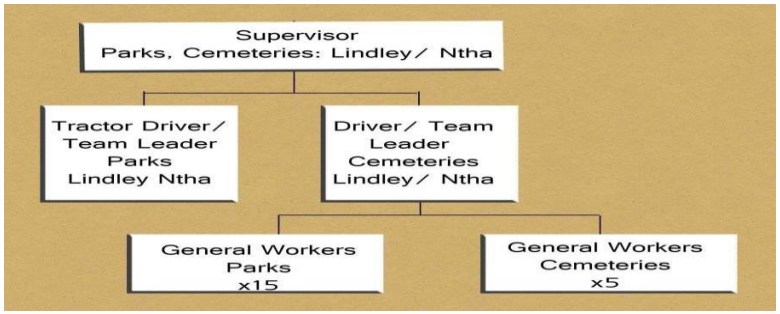



Manager:
Parks, Cemeteries, Sports and Recreation
Sports officer &
Recreational Facilities
Supervisor
Reitz
Parks,
Cemeteries
Supervisor
Mamafubedu
Parks,
Cemeteries
Supervisor
Lindley
Parks,
Cemeteries
Supervisor
Leratswana
Parks,
Cemeteries


Manager:
Waste Management
Environmental
Officer
Supervisor
Reitz
Waste
Management
Supervisor
Mamafubedu
Waste
Management
Supervisor
Ntha/ Lindley
Waste
Management
Supervisor
Leratswana
Waste
Management


Supervisor:
Parks, Cemetries: Reitz/ Petsana
Tractor Driver/Team Leader Parks Reitz
Tractor Driver/Team Leader Parks Petsana
Driver/ Team Leader Parks Petsana
Driver/ Team Leader Cemetries Petsana
General Workers Parks x15
General Workers Cemeteries x5


Supervisor
Parks, Cemeteries: Mamafubedu
Tractor/ Team Leader
Parks: Mamafubedu
General Workers x10
General Workers Cemeteries x5


Supervisor
Parks, Cemeteries: Lindley/ Ntha
Tractor Driver/ Team Leader Parks Lindley Ntha
Driver/ Team Leader Cemeteries Lindley/ Ntha
General Workers Parks x15
General Workers Cemeteries x5


Supervisor
Parks, Cemeteries:
Arlington/ Leratswana
Driver/ Team Leader
Parks & Cemeteries:
Arlington/ Leratswana
General Workers
Parks & Cemeteries:
x10


MAKATE

CHAPTER3

COMPONENT G: HEALTH

3.9 HEALTH

INTRODUCTION

Section 152 of the Constitution, 1996, stipulates as the core objects of local government the following:

1. The objects of local government are -

a. to provide democratic and accountable government for local communities;

b. to ensure the provision of services to communities in 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.

2. A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

3. The Nketoana Local Municipality places these objects at the core of all its operations, programmes and projects, and has therefore, in compliance with the National Government's vision for local government, structured its activities according to the following five key performance areas:

Key Performance Areas, and their relation to the objects of the Constitution, 1996

Objects of the Constitution, 1996	Municipal Key Performance Areas
to provide democratic and accountable government for local communities *to encourage the involvement of communities and community organizations in the matters of local government*	**Good Governance & Public Participation**
to ensure the provision of services to communities in a sustainable manner *to promote a safe and healthy environment*	**Basic Service Delivery & Infrastructure Investment**
to promote social and economic development	**Local Economic Development (including job creation)**
to promote a sound and viable financial management	**Financial Viability and Management**
to provide an effective and efficient workforce by aligning institutional arrangements to the overall municipal strategy to deliver quality services	**Municipal Transformation and Organizational development**

The removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment. By establishing and maintaining parks, the municipality contribute to a healthy environment. Municipal health services mean environmental health services performed by the District Municipality. Infrastructure in terms of Physical Health Services in the area are as follow:

Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley
Health Services	Reitz-Petsana boasts a fully equipped provincial hospital with 2 wards and 65 beds. It operates 24 hours a day. There is a municipal clinic in Petsana, a community clinic in Reitz, trauma centre and a stepdown facility.	Petrus Steyn as 1 clinic and a mobile clinic services the rural areas. Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies. All units render homebased services, with volunteers trained by the Provincial Department of Health.	There is 1 clinic in Leratswana. Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies.	There is one clinic in Lindley Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies

CHAPTER 3

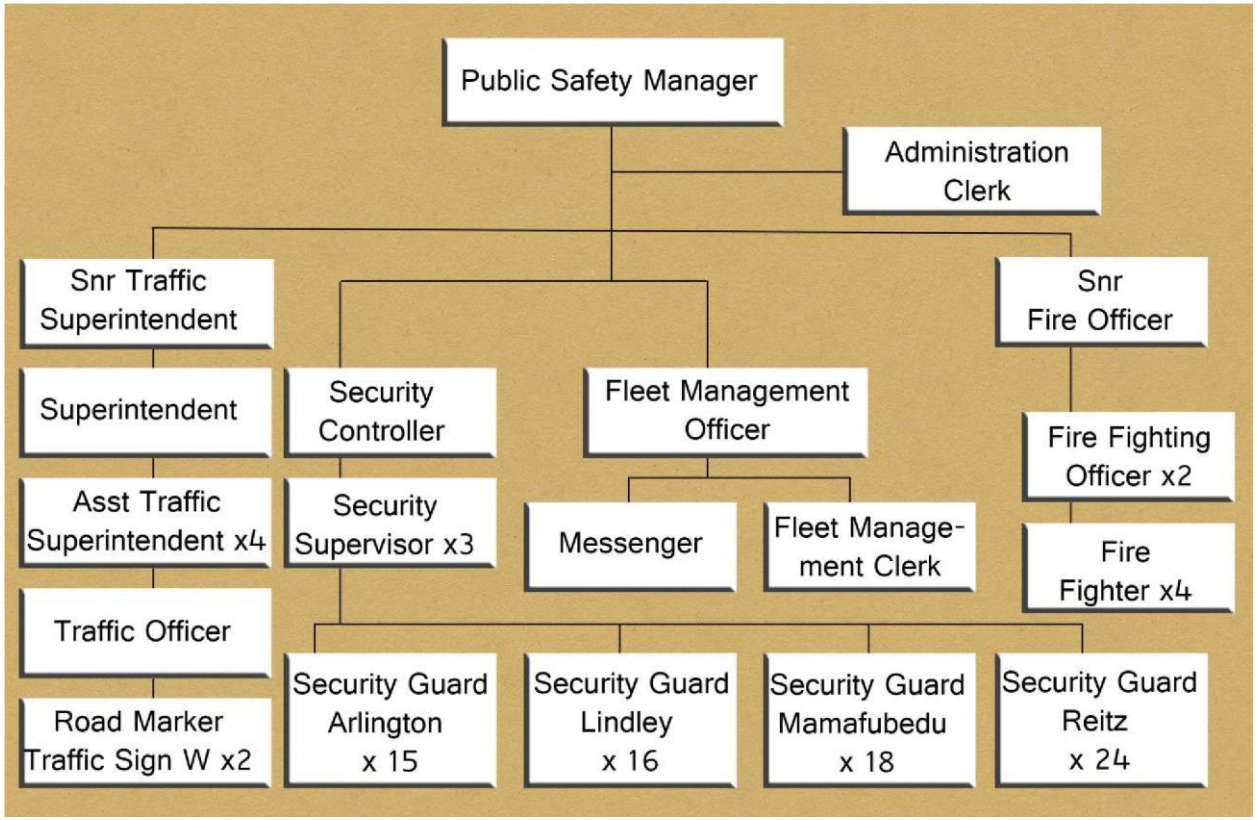
Component H: SAFETY & SECURITY

3.10 SAFETY & SECURITY

INTRODUCTION

Table: Organogram




Public Safety Manager
Administration Clerk
Snr Traffic Superintendent
Superintendent
Asst Traffic Superintendent x4
Traffic Officer
Road Marker Traffic Sign W x2
Security Controller
Security Supervisor x3
Security Guard Arlington x 15
Fleet Management Officer
Messenger
Fleet Manage-ment Clerk
Security Guard Lindley x 16
Security Guard Mamafubedu x 18
Snr Fire Officer
Fire Fighting Officer x2
Fire Fighter x4
Security Guard Reitz x 24

IDP Priority: 11 & 12	Traffic & Fire
Strategic Objective:	To ensure access to quality Law enforcement and disaster management in the Nketoana municipal area
Outcomes:	• Road safety, prevention of loss of lives on Nketoana roads • Effective law enforcement
Vote:	Disaster Management

COMMUNITY SERVICES

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT 2022/2023	ANNUAL ACTUAL ACHIEVED 2022/2023	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
COM 8	**Disaster management plan development**	Development of Disaster management plan	New	N/A	N/A	N/A	1 development of disaster management plan	**1 Developed and approved Disaster management plan by June 2023**	**No disaster management plan developed**	**NO**	**N/A**	**Awaiting council approval**	**To speed up the council processes**	**Community Services**

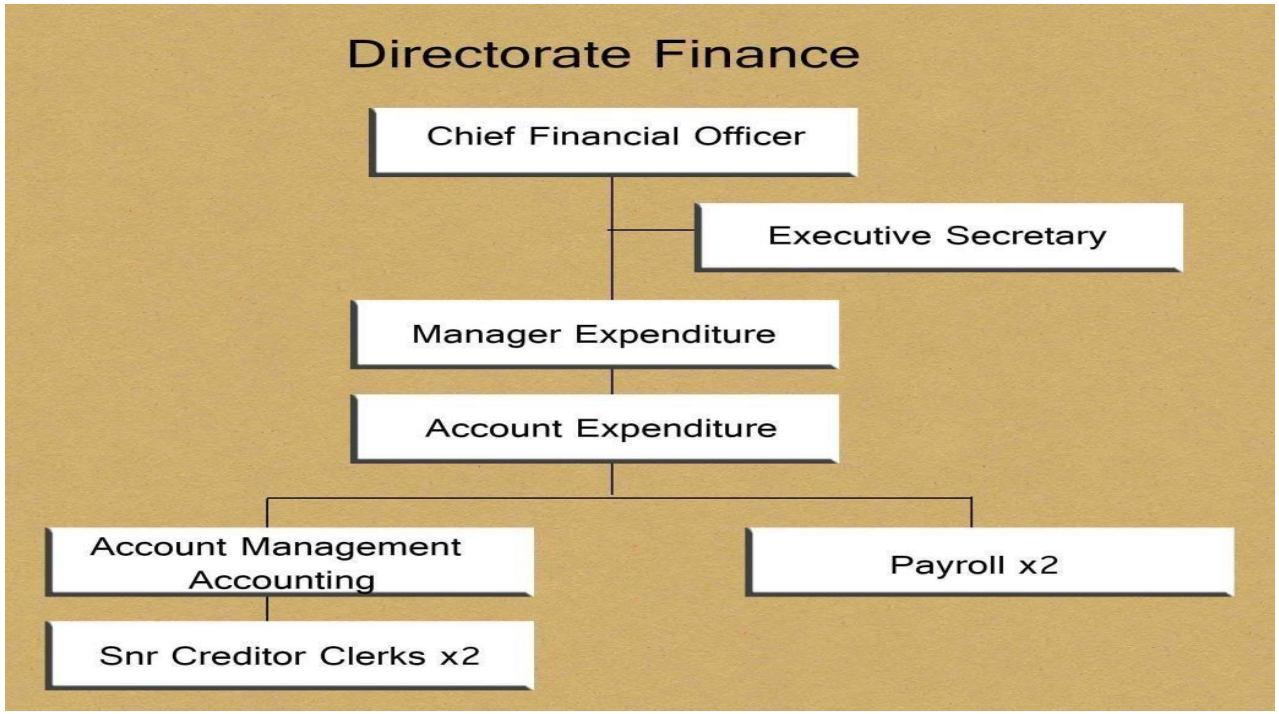
CHAPTER 3

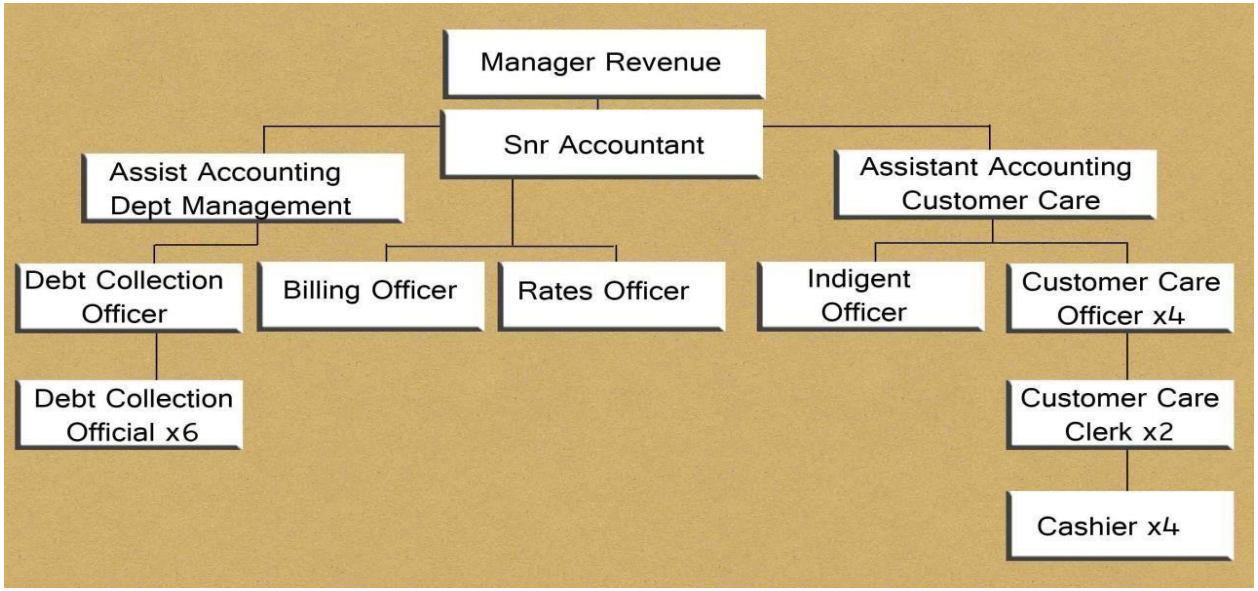
Component I: Financial Management

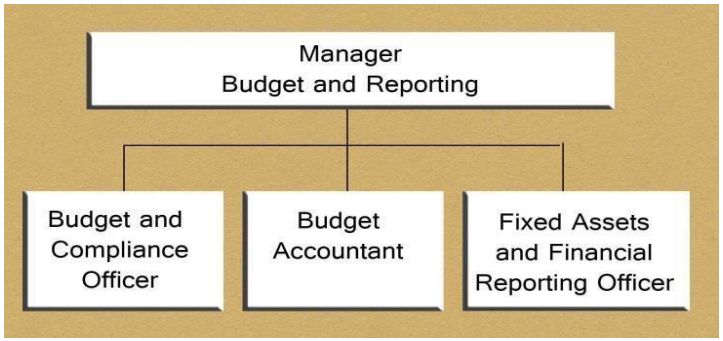
3.11 FINANCIAL MANAGEMENT

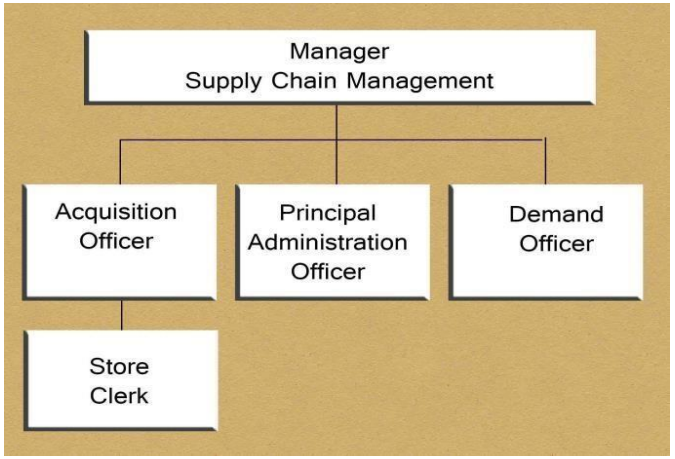
INTRODUCTION

Table: Organogram









MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS: Regulation 14 (4)(a-f) Report 2016/2017

Total Number of Financial officials employed	Total Number of Financial officials whose competency assessments have been completed	Total number of Supply Chain Management officials employed	Total Number of Supply Chain Management officials whose competency assessments have been completed	Total number of financial officials and Supply Chain Management officials that meet the prescribed competency levels	Total number of Financial Officials and Supply Chain Management officials whose Performance Agreements comply with Regulation 16
30	12	3	1	13	Only 1 post required a Performance agreement and the employee's competency assessment was already successfully completed.

Financial Viability & Management

IDP Priority 6:	Institution Building
Strategic Objective:	To ensure good governance and public participation through accountability and oversight in the Nketoana local municipality
Outcomes:	• An organizational and individual Performance Management and Monitoring and Evaluation Systems that facilitate quarterly, mid-year and annual performance and financial reports. • Compiling and review of a legally compliant IDP annually • Functional audit committee • Audit arrangements (including an operational internal audit unit and audit committee) to manage risks facing the municipality and ensure adequate internal controls to prevent fraud and irregularities. • Communication Strategy reviewed • A fully functional Complaints Management System (Customer Care Charter)
	• Protocol-Batho Pele implementation by development of Service Standards and a Service Charter for the municipality. Annual review when adjustments required to be affected
Vote:	Executive and Council

MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE 2021-2022	2022/2023 Quarterly performance				ACTUAL ANNUAL PLANNING	ACTUAL ANNUAL ACHIEVED	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT	REMEDIAL ACTIO	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
FIN 1	Prepare and submit monthly Sect. 71 reports to the Mayor and Provincial treasury within 10 working days	**Number of Sect. 71 reports prepared and submitted to the Mayor by 30 June 2023**	12 Sect. 71 Reports	**3 Sect. 71 Report**	**3 Sect. 71 Report**	**3 Sect. 71 Report**	**3 Sect. 71 Report**	**12 Sect. 71 reports submitted**	**12 Sect. 71 Reports submitted**	**YES**	**12 Section 71 reports**	**N/A**	**N/A**	**CFO**
FIN 2	Prepare and timeously submission of the AFS to AGSA by the set statutory period (31 August 2023)	**Number of AFS prepared and timeously submitted to AGSA by 31 August 2023**	2021/2022 AFS	**AFS submitted to AGSA on 31 August 2022**	**N/A**	**N/A**	**N/A**	**1 AFS prepared and submitted to AGSA by 31 August 2023**	**2022-2023 AFS submitted to AGSA by August 2022**	**YES**	**AFS Proof of submission**	**N/A**	**N/A**	**CFO**
FIN 3	Prepare and submit Adjustment budget for approval by council by 28 February each year	**Number of Adjustment Budget prepared and approved by Council by 28 February2023**	1 2021/2022 Adjustment Budget	**N/A**	**N/A**	**Management Consultation and adjustment preparation and submission to council for approval**	**N/A**	**1 Adjustment Budget prepared and submitted to council by 28 February 2023**	**1 Adjustment budget submitted to council on 28 February 2023**	**YES**	**Agenda for management Meeting Consultations Adjusted Budget, Council Resolution**	**N/A**	**N/A**	**CFO**
FIN 4	Prepare and submit mid-year performance assessment report on implementation of the budget by 25 January of each year to Council and Provincial and National Treasury	**Number of mid-Year performance Assessment report prepared and submitted to council and relevant treasury by 25 January 2023**	2021/2022 Mid-year financial performance assessment report prepared and submitted by 25 January 2022	**N/A**	**N/A**	**Mid- year Financial performance assessment report prepared and submitted to council by 25 January 2023**	**N/A**	**1 Mid-year financial performance Assessment report prepared and submitted to council by 25 January 2022**	**1 Mid-year Financial performance assessment report submitted to council on 25 January 2023**	**YES**	**Mid-year financial Performance assessment Report (Section 72) , Council Resolution , proof of submission to relevant treasury**	**N/A**	**N/A**	**CFO**

FIN 5	Review of the Revenue Enhancement Strategy	**Number of status reports on the implementation of the revenue enhancement strategy by 30 June 2023**	New	**N/A**	**N/A**	**1 Strategy development**	**N/A**	**Revised/ Reviewed Revenue Enhancement Strategy by 30 March 2023**	**None – Revenue Enhancement Strategy was not reviewed**	**NO**	**N/A**	**None availability of members (scheduled meetings)**	**Ensure availability of members**	**CFO**
FIN 6	Report on Indigents registered	**Number reports on the number of indigents by 30 June2023**	Number of indigents reports	**1 report on number of indigents**	**1 report on number of indigents**	**1 report on number of indigents**	**1 report on number of indigents**	**4 reports on number of indigents 30 June 2023**	**4 Reports on number of indigents registered**	**YES**	**Quarterly reports**	**N/A**	**N/A**	**CFO**
FIN 7	Billing Reports for Water, Refuse, Rates and sanitation	**Number of Monthly billing reports compiled on Water provision, Sanitation Provision, and Refuse by 30 June 2023**	Number of billing reports	**3 Billing reports**	**3 Billing reports**	**3 Billing reports**	**3 Billing reports**	**12 Monthly billing reports compiled by 30 June 2023**	**12 billing reports compiled on 30 June 2023**	**YES**	**Signed Billing Reports**	**N/A**	**N/A**	**CFO**
FIN 8	Collection Rate	**% of Monthly Collection Rate achieved by 30 June 2023**	42% Collection rate	**49 % monthly collection rate**	**49 % monthly collection rate**	**49 % monthly collection rate**	**49 % monthly collection rate**	**average collection rate 35.12%. Average current year collection rates 46.77 %**		**PARTIALLY ACHIEVED**	**Collection Reports**	**Macro-economic conditions**	**Revenue enhancement strategy to be reviewed**	
FIN 9	Supply Chain Implementation reports	**Number of Supply Chain Implementation Reports submitted to Council by 30 June 2023**	**SCM Reports**	**1 X SCM Implementation Report**	**1 X SCM Implementation Report**	**1 X SCM Implementation Report**	**1 X SCM Implementation Report**	**4 Supply Chain Implementation Reports submitted to Council by 30 June 2023**	**4 SCM implementation reports submitted on 30 June 2023**	**YES**	**SCM Reports Proof of submission to mayor and treasury**	**N/A**	**N/A**	**CFO**
FIN 9(b)	Supply Chain monthly reports	**Number of SCM reports submitted Monthly**	**SCM reports**	**3x SCM reports**	**3x SCM reports**	**3x SCM reports**	**3x SCM reports**	**12 Monthly SCM reports**	**12 SCM reports submitted on 30 June 2023**	**YES**	**SCM monthly reports Proof of submission**	**N/A**	**N/A**	**CFO**

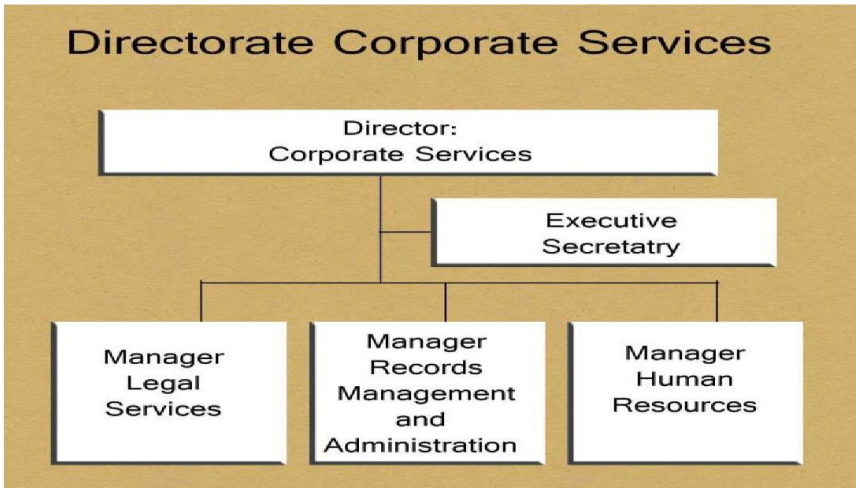
FIN 10	Develop and update UIFW Register	**Number of UIFW Register developed and updated by 30 June 2023**	**1 up to date UIFW Register**	**N/A**	**N/A**	**N/A**	**Updated UIFW Register**	**1 UIFW Register updated by 30 June 2022**	**1 updated UIFW Register**	**YES**	**UIFW Register**	**N/A**	**N/A**	**CFO**

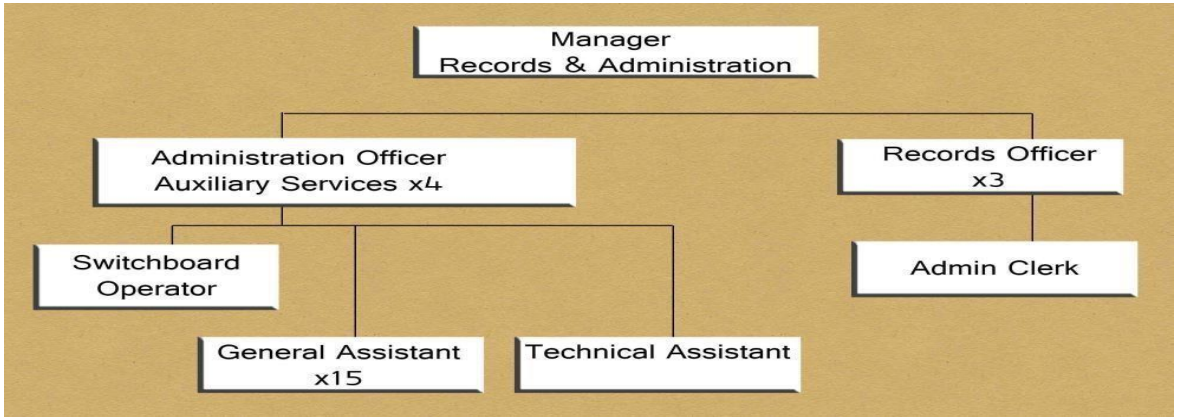
CHAPTER 3

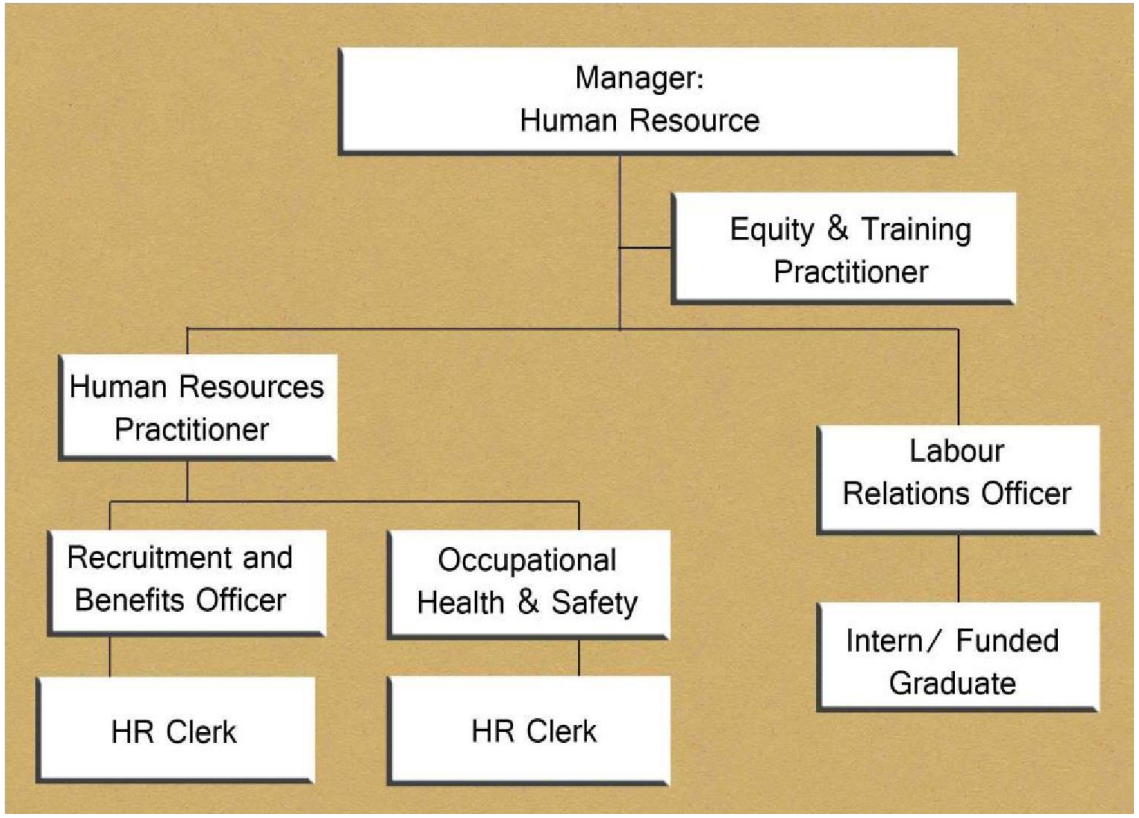
Component H: Institutional Development

3.11 INSTITUTIONAL DEVELOPMENT

Table: Organogram


Directorate Corporate Services
Director:
Corporate Services
Executive
Secretatry
Manager
Legal
Services
Manager
Records
Management
and
Administration
Manager
Human
Resources


Manager
Records & Administration
Administration Officer
Auxiliary Services x4
Records Officer
x3
Switchboard
Operator
Admin Clerk
General Assistant
x15
Technical Assistant


Manager:
Human Resource
Equity & Training
Practitioner
Human Resources
Practitioner
Labour
Relations Officer
Recruitment and
Benefits Officer
Occupational
Health & Safety
Intern/ Funded
Graduate
HR Clerk
HR Clerk

Institutional Transformation and Organisational Development

IDP Priority 6:	Institution Building
Strategic Objective:	To ensure good governance and public participation in the Nketoana local municipality
Outcomes:	**Records Management** • Safe keeping and accessibility of Council records **Executive and Council** • Monthly ward committee meetings with duly recorded minutes that are submitted to Council at regular intervals for consideration • Timely distribution of Council agendas and minutes according to Standing Rules and Orders **Legal and Administration:** • Proper Records Management by migrating from a manual Records Management System to and electronic system • Proper Contract Management • Compilation of a Business Continuity and Disaster Recovery Plan (medium term, 2nd outer year) • By-laws and policies to enable the effective governance of the municipality
	Property Management Upgrading of municipal facilities to ensure adequate office space to perform administrative function
Vote:	Executive and Council

COR 8	**Litigations**	% of litigation cases attended (# of cases attended /# of cases received) by 30 June 2023	2021/2022 Litigation Register	**100% cases attended (# of cases attended /# of cases received)**	**100% cases attended (# of cases attended /# of cases received)**	**100% cases attended (# of cases attended /# of cases received)**	**100% cases attended (# of cases attended /# of cases received)**	**100% of litigation cases attended (# of cases attended /# of cases received) by 30 June 2023**	**Litigation register and expenditure report was submitted**	**YES**	**Litigations Registers, Expenditure Report**	**N/A**	**N/A**	**CORP. SERVICES**
COR 9	**Local Labour Forum Meetings**	Number of LLF meetings held by 30 June 2022	12 LLF meetings	**3 LLF Meeting**	**3 LLF Meeting**	**3 LLF Meeting**	**3 LLF Meeting**	**12 LLF meetings held by 30 June 2023**		**PARTIALLY ACHIEVED**	**Attendance Registers and notice & minutes**	**Lack of quorums**	**Issue out notices of meetings on time**	**CORP. SERVICES**

COR 11	**Implementation of electronic records management system.**	Successful migration from manual to electronic records management system.	Existence of system.	**N/A**	**N/A**	**N/A**	**Successful migration from manual to electronic records management system.**	**Implementation of electronic records management system by 30 June 2023,**	**No records management electronic system was implemented by 30 June 2023**	**NO**	**N/A**			**CORP. SERVICES**
COR12	**Delivery of Council and ExCo Notices of Meetings to Councillors.**	Delivery of Notices within the stipulated timeframes in the Standing Rules and Orders.	Delivery of Notices as per Standing Rules and Orders.	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Notices of Council and ExCo Meetings delivered to Councillors within the stipulated timeframes.**	**Delivery of Notices of Meetings to Councillors in compliance with Standing Rules and Orders by 30 June 2023.**	**Notices of meetings were delivered and signed for as per schedules**	**YES**	**Signed registers of receipt of Notices of Meetings by Councillors**	**N/A**	**N/A**	**CORP. SERV**

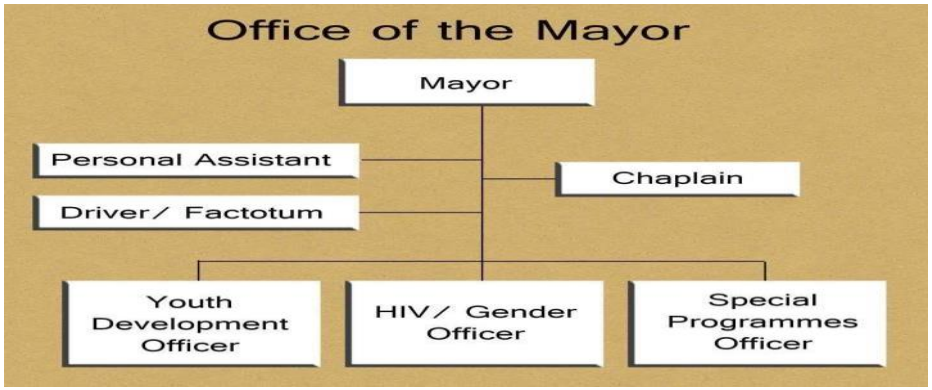
COR 13	**Allocation of fleet to departments.**	Delivery and receipt of fleet by departments	Allocation of fleet to various departments.	**N/A**	**N/A**	**N/A**	**Allocation of fleet to various departments.**	**Proper allocation of fleet to departments by June 2023**	**Fleet was allocated to the relevant departments and signed for**	**YES**	**Signed receipts of registers of fleet allocated to departments.**	**N/A**	**N/A**	**CORP. SERV**

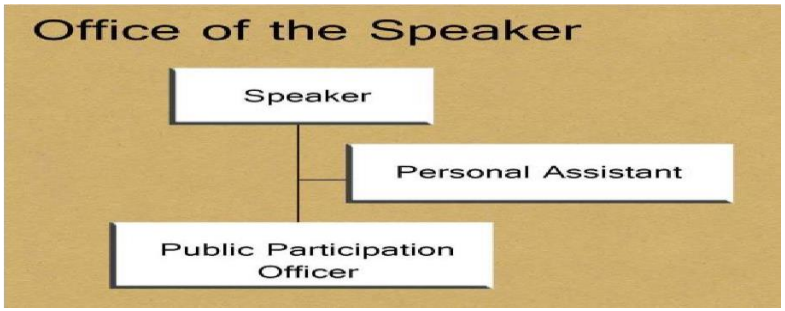
CHAPTER 3

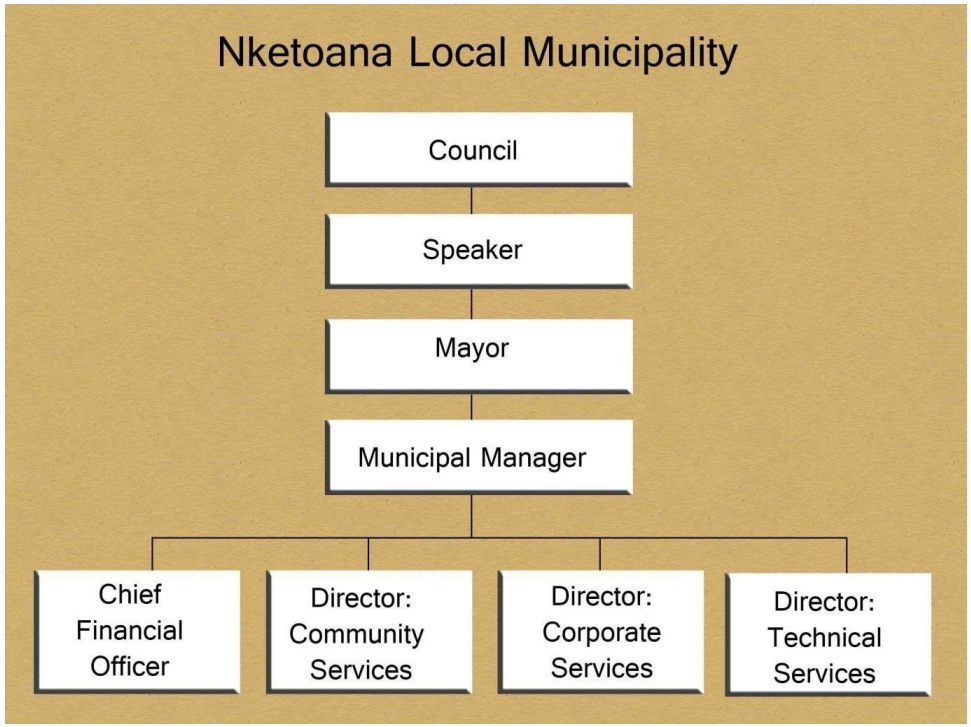
Component J: Governance

3.13 GOVERNANCE

Table: Organogram


Office of the Mayor
Mayor
Personal Assistant
Driver/ Factotum
Chaplain
Youth Development Officer
HIV/ Gender Officer
Special Programmes Officer


Office of the Speaker
Speaker
Personal Assistant
Public Participation Officer



Good Governance & Public Participation

IDP Priority 6:	Institution Building
Strategic Objective:	To ensure good governance and public participation in the Nketoana local municipality

Outcomes:	**Public Participation** • To ensure that all communities are consulted in all the municipal decisions **Performance Management** • Administration is held accountable to improve service delivery **Internal Audit & Risk Management** • Improving the municipal's audit outcome and eliminating all risks associated with the audit implementation plan
Vote:	Executive and Council

KPI NO	PROJECT NAME	PERFORMANCE INDICATOR	BASELINE	2022/2023 Quarterly performance				ACTUAL ANNUAL OUTPUT	ANNUAL ACTUAL ACHIEVED	ANNUAL TARGET MET?	EVIDENCE	REASON IF TARGET NOT MET	REMEDIAL ACTION	DEPT. RESPONSIBLE
				Q1	Q2	Q3	Q4							
MM 49	**Develop, Review and approve the Municipal IDP as per approved process plan**	Number of IDP reviewed and approved by council by 30 June 2023	1 IDP Reviewed and approved	**Develop and approved IDP/Budget Process plan**	**Conduct Public Participation and Consultations**	**Conduct Public Participation Consultation**	**Submission and approval of the IDP/Budget**	**Reviewed and Approved the IDP by 30 June 2023**	**1 reviewed IDP document for 2022/23**	**YES**	**Approved IDP, Council Resolution, Approved Process Plan, Attendance registers of Public Participation and consultation**	**N/A**	**N/A**	**Municipal Manager**
MM 50	**Develop and Approve the 2022/2023 SDBIP**	Number of SDBIP Developed and approved by the Mayor by 30 June 2023	1 SDBIP Approved	**N/A**	**N/A**	**N/A**	**1 2022/2023 SDBIP Developed and approved**	**1 2022/2023 SDBIP developed and approved by 30 June 2023**	**1 2022/23 SDBIP developed and approved**	**YES**	**Approved 2022/2023 SDBIP**	**N/A**	**N/A**	**Municipal Manager**
MM 51	**Develop and sign the Performance agreements for MM Section 56 Managers**	Number of Performance Agreements developed and signed by 30 June 2023	5 Performance agreements developed and signed (2021/2022)	**N/A**	**N/A**	**N/A**	**6 Performance Agreements developed and signed**	**6 Performance Agreements developed and signed by 30 June 2023**	**6 performance agreements signed**	**YES**	**Signed 2023/2024 performance agreements (MM & Sect. 57)**	**N/A**	**N/A**	**Municipal Manager**
MM 52	**Organizational Performance Reports**	Number of organisational performance reports developed and submitted to Council by 30 June 2023	5 organizational performance reports	**2 reports (4th 2021/22 quarter performance report, 2020/21 Annual Performance Report)**	**1 report (1st quarter 2022/23 report)**	**3 Reports (2nd quarter 2022/23 report, Mid-Year Budget and Performance Assessment Report 2022/2023, Draft Annual Report 2020/2021)**	**1 report (3rd quarter 2022-23 report**	**07 organizational performance reports developed and submitted to Council by 30 June 2023**	**7 organisational performance reports developed and submitted to council**	**YES**	**Quarterly Institutional Performance report , Council Minutes/Resolutions , Audit Committee Minutes , APR , midyear Assessment Reports, Annual Reports**			**Municipal Manager**
MM 53	**Develop and submit Annual Performance Report**	Number of Annual Performance reports developed and submitted to the AG by 31 August 2023	1 APR report Submitted	**N/A**	**N/A**	**N/A**	**1 APR Report Developed and Submitted**	**1 APR Report Developed and Submitted to AG by 31 August 2023**	**1 APR document submitted to AG**	**YES**	**Proof of submission to AG**	**N/A**	**N/A**	**Municipal Manager**

MM 54	**Conduct Performance appraisals for MM and Section 56 Managers**	Number of Formal Performance Appraisals for MM and Section 56 Managers Conducted by 30 June 2023	Performance appraisals conducted	**N/A**	**N/A**	**1 Performance Appraisals/ Evaluation Conducted**	**N/A**	**1 Formal Performance Appraisals for MM and Section 56 Managers Conducted by 30 June 2023**	**No assessments were conducted**	**NO**	**N/A**	**Non-availability of the members**	**Ensuring availability of members in the last quarter of the 2022/2023 Financial year**	**Municipal Manager**
MM 55	**Develop and submit Mid-year performance assessment Report**	Number of Mid-Year performance Assessment report developed and submitted to council by 30 June 2023	1 Mid-year assessment report submitted	**N/A**	**N/A**	**1 Mid-year Performance Assessment Report submitted to council**	**N/A**	**1 Mid-Year performance Assessment report developed and submitted to council by 30 June 2023**	**1 mid-year performance assessment report was submitted to council**	**YES**	**Mid-year Performance Report, Council Resolution**	**N/A**	**N/A**	**Municipal Manager**
MM 56	**To table Oversight Report to Council**	Number Oversight Report prepared and submitted to Council by 31 March 2023	Oversight Report	**N/A**	**N/A**	**MPAC oversight Meetings and Consultation process Annual Report Tabled in Council**	**N/A**	**Oversight Report tabled to Council by 31 March 2023**	**No oversight report was tabled to council**	**NO**	**N/A**	**Non-sitting of the committee**	**Adherence to the schedule of dates and ensure availability of members**	**Municipal Manager**
MM 57	**Development and approval of Risk Management Policies and strategy**	Number of Risk Management policies developed and approved by council by 30 June 2023	1 Risk Management Policy Approved	**N/A**	**N/A**	**N/A**	**1 Risk Management Policy developed and Approved**	**1 Risk Management policy developed and approved by council by 30 June 2023**	**No risk management policy was developed and approved**	**NO**		**Lack of management oversight**	**The risk management policy has been approved by risk management committee on the 10**	**Municipal Manager**

													July 2023	
MM 58	**Conduct Risk Assessments**	Number if Risk Assessments conducted by 30 June 2023	1 Risk Assessment Conducted	**N/A**	**N/A**	**1 Strategic risk assessment**	**N/A**	**1 Strategic risk assessment**	**No strategic risk assessment conducted**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently**	**Municipal Manager**
MM 59	**Coordinate Risk Management Committee Meetings**	Number of Risk management committee meeting held by 30 June 2023	4 meetings conducted	**1 Meeting held**	**1 Meeting held**	**1 Meeting held**	**1 Meeting held**	**4 RMC meetings held by 30 June 2023**	**No RMC meetings were held as scheduled**	**NO**	**N/A**	**Lack of management oversight**	**Adherence to risk management committee schedules**	**Municipal Manager**
MM 60	**Compile and submit Risk Management Reports**	Number of Risk Management Reports issued by 30 June 2023	4 Reports issued	**1 report issued**	**1 report issued**	**1 report issued**	**1 report issued**	**4 Risk management reports issued by 30 June 2023**	**No risk management reports were issued**	**NO**	**N/A**	**Unavailability of risk management committee members**	**Members to adhere to Risk Management Implementation plan and schedules**	**Municipal Manager**
MM 61	**Develop and approved Fraud prevention policy or plan**	Number of fraud prevention policy/plan developed and approved by council 30 June 2023	1 Fraud Prevention Policy/plan Approved	**N/A**	**N/A**	**N/A**	**1 Fraud Prevention Policy Approved**	**1 Fraud Prevention Policy/plan approved by council 30 June 2023**	**No Fraud prevention policy / plan was approved**	**NO**	**N/A**	**Lack of management oversight**	**The fraud prevention policy has been approved by risk manage**	**Municipal Manager**

													ment committee on the 10 July 2023 (2023-2024 Q1)	
MM 62	**Coordinate Audit Committee meetings**	Number of Audit Committee meetings held by 30 June 2023	4 Meetings held	**1 meeting held**	**1 meeting held**	**1 meeting held**	**1 meeting held**	**4 Audit Committee Meetings held by June 2023**	**4 audit committee meetings were held as scheduled**	**YES**	**Minutes Attendance register**	**N/A**	**N/A**	**Municipal Manager**
MM 63	**Develop and approved Audit Committee Charter**	Number of Audit Committee Charter developed and approved by 30 June 2023	1 Audit Committee Charter approved	**N/A**	**N/A**	**N/A**	**1 AC Charter developed and approved**	**1 AC Charter developed and approved by council 30 June 2023**	**No AC charter developed**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently and adhering to an Internal Audit implementation plan**	**Municipal Manager**
MM 64	**Compile and submit Internal Audit Reports on implementation of Internal Audit Plan**	Number of Reports on implementation of IA Plan issued by 30 June 2023	4 Reports Issued	**1 Report issued**	**1 Report issued**	**1 Report issued**	**1 Report issued**	**4 Reports on implementation of IA Plan by 30 June 2023**	**No implementation done on the IA plan**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently and adhering to an Internal**	**Municipal Manager**

													Audit implementation plan	
MM 65	**Conduct follow up on Internal Audit findings and Issue reports on implantation of the IA Findings by Management**	Number of Reports issued on implementation of internal Audit findings by management by 30 June 2023	1 Report Issued	**100% Implementation**	**100% Implementation**	**100% Implementation**	**100% Implementation**	**1 Follow up report on IA findings implementation by management by 30 June 2023**	**No report was done on the IA on findings**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently and adhering to an Internal Audit implementation plan**	**Municipal Manager**
MM 66	**Conduct follow up on Auditor General findings and Issue reports on implantation of the AG Findings by Management**	Number of Reports issued on implementation of AG findings by management by 30 June 2023	1 Report issued	**N/A**	**N/A**	**40% Implementation**	**20% implementation**	**1 follow up report on Implementation of the Auditor General findings action plans by 30 June 2023**	**No report was done on findings by AG**	**NO**	**N/A**	**Lack of management oversight**	**Ensuring that the management plays its oversight diligently and adhering to an Internal Audit implementation plan**	**Municipal Manager**
MM 67	**Development of ICT master Plan**	Number of Develop the ICT master plan by 30 June 2023	New	**N/A**	**N/A**	**N/A**	**Development and approval of the ICT Master plan**	**1 ICT Master Plan Developed by 30 June 2023**	**No master plan was developed**	**NO**	**N/A**	**Non availability of senior personnel in the IT section**	**An item for the master plan and other related**	**Municipal Manager**

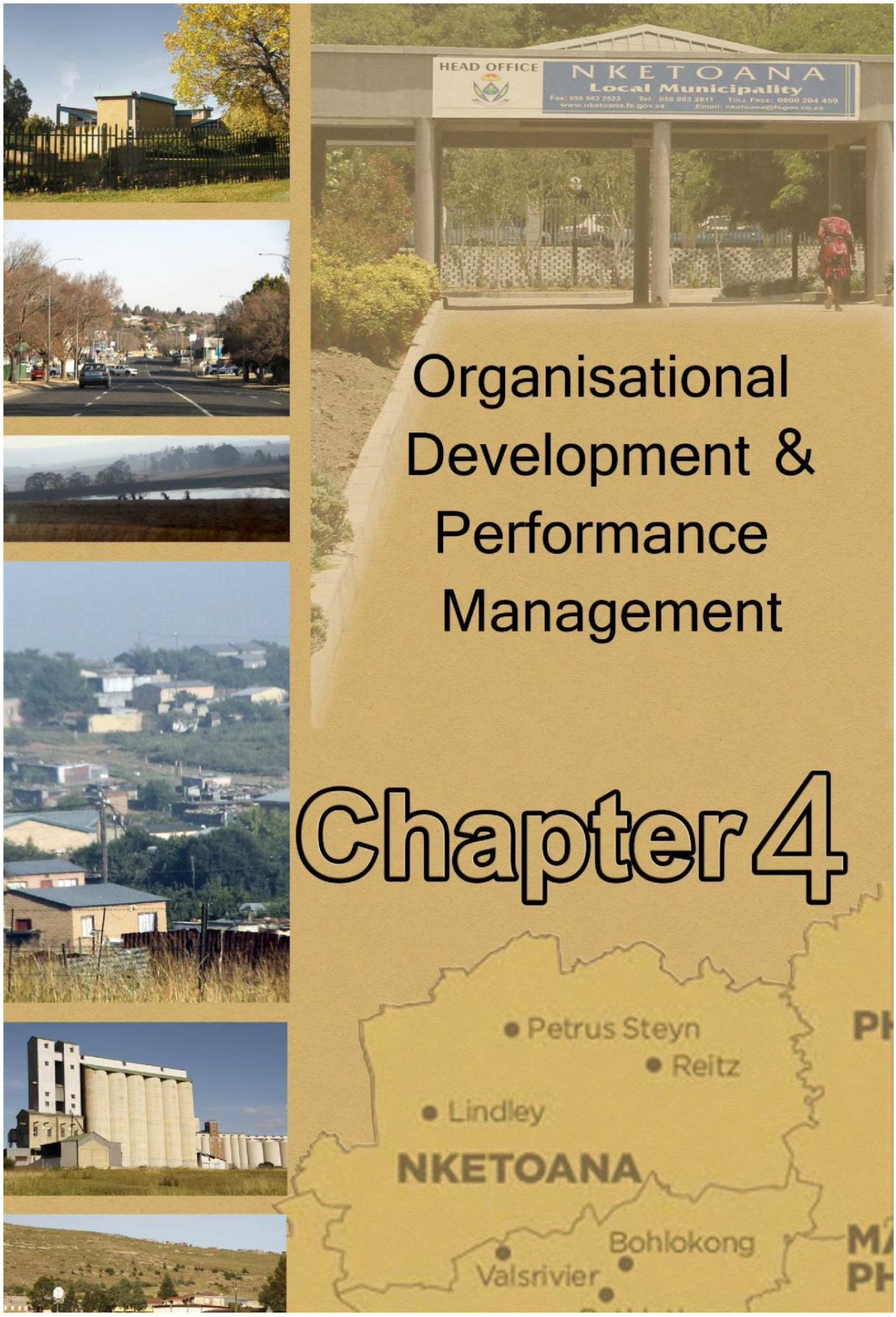
													policies has been formulated and submitted for the next ensuing council sitting (August 2023)	

HAPTER 3

OTHER

Due to capacity constraints, the municipality is not currently able to give practical effect to the following

Performance Area	Objectives
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Community Services Environmental Health Ecological Integrity and protection of Biodiversity	To identify and develop new and existing environmental conservation areas or reserves
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT Community Services Environmental Health	To manage negative impacts of development activities To promote compliance to environmental legislation To ensure that pollution (air, water, soil and noise) are minimized to acceptable national standards in order to preserve the environment and natural resources
Environmental capacity building, awareness and empowerment **GOOD GOVERNANCE** Corporate Services	Increase awareness through educating communities about environmental issues and how to preserve the environment Develop and establish good governance that is transparent and accountable.
RURAL DEVELOPMENT Community Services	Develop a database of services and facilities available in the rural areas of each ward to determine need


HEAD OFFICE
NKETOANA
Local Municipality
Organisational Development & Performance Management
Chapter 4
Petrus Steyn
Reitz
Lindley
NKETOANA
Bohlokong
Valsrivier

Component A: Introduction to the Municipal Personnel

4.1 Employee totals, turnover and vacancies

Table: Employee Summary as on 30 April 2023

Total number of employees	547
Section 56/57 employees	6
Total number of councillors	18
Total number of female councillors	7
Total number of interns (funded by others)	5

(Source: Workplace Skills Plan: 2022/23

Workforce Profile

Table: Total Number of Employees in the Municipality as on 30 April 2023

	Total according to race								Total
Occupational category	A	%	C	%	I	%	W	%	
Legislators	14	2.7	0	0	0	0	4	0.7	18
Managers	18	3.5	0	0	0	0	1	0.1	19
Professionals	28	5.4	0	0	0	0	1	0.1	29
Technicians and Associate Professionals	60	11.7	0	0	0	0	1	0.1	61
Clerical and Administrative Workers	39	7.1	0	0	0	0	0	0	39
Service and Sales Workers	75	15	0	0	0	0	0	0	75
Skilled Agricultural, forestry, fishery, craft and related trades workers	18	3.5	0		0		0	0	18
Plant and Machine operators and Assemblers	28	5.4	0	0	0	0	0	0	28
Elementary occupations	222	43.7	1	0.1	0	0	0	0	223
Total	**502**	98	1	0.1	**0**	0	7	1	547

(Source: Workplace Skills Plan: 2022/23)

Table: According to Race

	Total according to race								Total
Occupational category	A	%	C	%	I	%	W	%	
Legislators	14	2.7	0	0	0	0	4	0.7	18
Managers	18	3.5	0	0	0	0	1	0.1	19
Professionals	28	5.4	0	0	0	0	1	0.1	29
Technicians and Associate Professionals	60	11.7	0	0	0	0	1	0.1	61
Clerical and Administrative Workers	39	7.1	0	0	0	0	0	0	39
Service and Sales Workers	75	15	0	0	0	0	0	0	75
Skilled Agricultural, forestry, fishery, craft and related trades workers	18	3.5	0	0	0	0	0	0	18
Plant and Machine operators and Assemblers	28	5.4	0	0	0	0	0	0	28

Elementary occupations	222	43.7	1	0.1	0	0	0	0	223
Total	**502**	98	1	0.1	**0**	0	7	1	**547**

(Source: Workplace Skills Plan: 2022/23)

Table: According to Gender

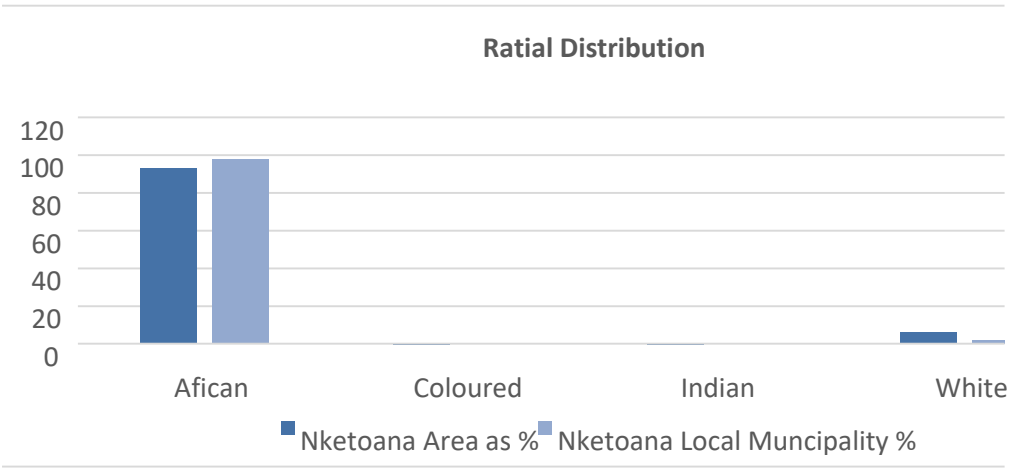
	Total according to race					Total
Occupational category	F	%	M	%		
Legislators	8	1.5	10	1.9		18
Managers	3	0.5	16	3.1		19
Professionals	13	2.5	16	3.1		29
Technicians and Associate Professionals	21	4.1	40	7.8		61
Clerical and Administrative Workers	26	5	13	2.5		39
Service and Sales Workers	31	6.7	44	8.6		75
Skilled Agricultural, forestry, fishery, craft and related trades workers	1	0.1	17	3.3		18
Plant and Machine operators and Assemblers	0	0	28	5.4		28
Elementary occupations	81	16	142	28		223
6Total	184	35.9	326	64		547

(Source: Workplace Skills Plan: 2022/23)

1 Racial Distribution

The Council racial distribution versus the Nketoana area's racial profile is shown in the chart below.

Table: Racial Distribution Nketoana Area vs Nketoana Local Municipality



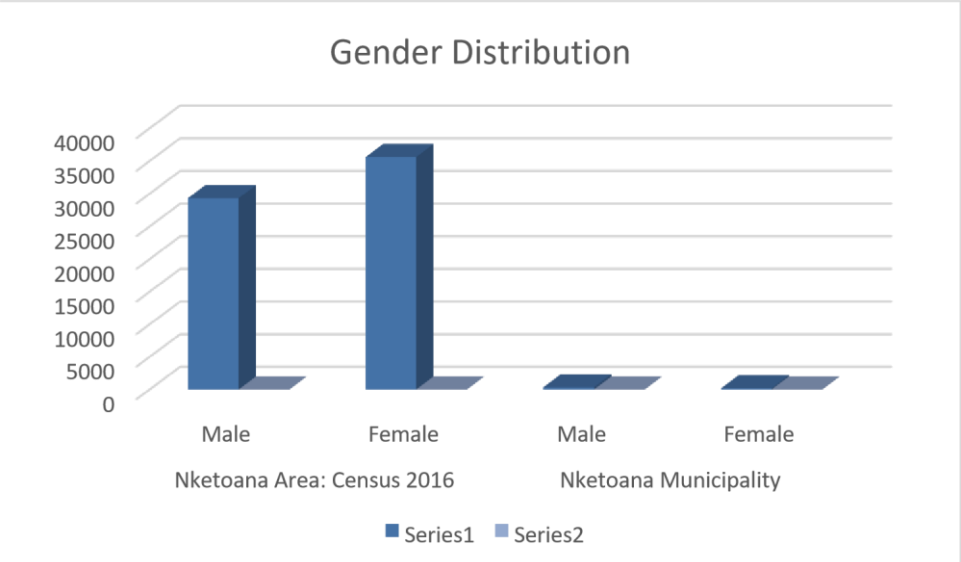
Nketoana Local Municipality

	Afican	Coloured	Indian	White
Nketoana Area as %				
Nketoana Local Municipality %	537	2	0	8
Nketoana Area				
Nketoana Local Municipality				

	Total according to race								Total
Occupational category	A	%	C	%	I	%	W	%	
Legislators	58		1		0		3		61
Managers	16		0		0		1		17
Professionals	23		0		0		1		24
Technicians and Associate Professionals	58		0		0		2		60
Clerical and Administrative Workers	39		0		0		1		40
Service and Sales Workers	75		0		0		0		75
Skilled Agricultural, forestry, fishery, craft and related trades workers	23		0		0		0		23
Plant and Machine operators and Assemblers	22		0		0		0		22
Elementary occupations	223		1		0		0		224
Total	**537**		**2**		**0**		**8**		547

Table: Racial distribution per occupational level
(Source: Source: Workplace Skills Plan: (2020/21)

Table: Gender Distribution



Nketoana Area: Census 2016		Nketoana Municipality	
Male	Female	Male	Female
29300	35593	368	226
45.15%	54.84%	62%	38%

Workforce Movement Recruitment

Table: Recruitment of staff (Between 1May 2022 and April 2023)

Occupational category	FA	F C	F I	F W	MA	M C	MI	M W	TOT AL
Legislators	0	0	0	0	0	0	0	0	**0**
Managers	0	0	0	0	3	0	0		3
Professionals	2	0	0	0	1	0	0	0	3
Technicians and Associate Professionals	3	0	0	0	1	0	0		**4**
Clerical and Administrative Workers	1	0	0	0	1	0	0	0	2
Service and Sales Workers	0	0	0	0	1	0	0	0	**1**
Skilled Agricultural, forestry, fishery, craft, and related trades workers	0	0	0	0	0	0	0	0	**0**
Plant and Machine operators and Assemblers	0	0	0	0	0	0	0	0	**0**
Elementary occupations	6	0	0	0	8	0	0	0	14
Total	12	**0**	**0**	**0**	14	**0**	**0**	**0**	26

Number of new employee Recruits by Occupation Category, Gender, Population Group and Age (Note: A=Africans, C=Coloureds, I= Indians and W= Whites) (**Source: Source: Workplace Skills Plan: 2022/23)**

Occupational category	FA	F C	F I	F W	MA	M C	MI	M W	TOT AL
Legislators	0	0	0	0	0	0	0	0	**0**
Managers	1	0	0	0	1	0	0	0	**2**
Professionals	0	0	0	0	0	0	0	0	**0**
Technicians and Associate Professionals	0	0	0	1	0	0	0	0	1
Clerical and Administrative Workers	2	0	0	0	2	0	0	0	**4**
Service and Sales Workers	1	0	0	0	0	0	0	0	**1**
Skilled Agricultural, forestry, fishery, craft and related trades workers	0	0	0	0	0	0	0	0	**0**

Plant and Machine operators and Assemblers	0	0	0	0	2	0	0	0	**2**
Elementary occupations	2	0	0	0	9	0	0	0	11
Total	**6**	**0**	**0**	**1**	**14**	**0**	**0**	**0**	**21**

Table: Termination of services

Employee Turnover between 1 May 2022 to 30 April 2023 (Note: A=Africans, C=Coloureds, I= Indians and W= Whites) (Source: Source: Workplace Skills Plan: 2022/23)

SUMMARY	
Employees who left as a % of total employee	4.1%

(Source: Source: Workplace Skills Plan 2022/23)

4.2 POLICIES

Status of policies

Key Policy Developments during 2022/23 Financial Year (Policies revised and new policies developed)

- Incapacity due to Illness/Injury Policy.
- Induction Policy.
- HIV/Life Threatening Diseases Policy.
- Sexual, Racial & Ethnic Harassment Policy.
- Attendance & Punctuality Policy.
- Policy on Career Opportunities, Succession Planning, Rapid Progression and Promotion

Policies that were in place during 2022/2023 which are still applicable:

- Recruitment policy (Revise)
- Retention of Skilled Personnel
- Land disposal policy
- Travelling allowance
- Induction policy
- Training and development/Study policy
- Leave Policy
- Housing Help/Assistance
- Standby, Shift Allowance policy
- Occupation Health and Safety
- Contract workers
- Laptop policy
- Telephone usage policy
- Cellular phone policy
- Catering policy
- Retirement policy
- Retention of Skilled personnel
- Councilors Funeral policy
- Probation policy

- Training and development policy
- Recruitment policy
- Employee Funeral policy
- Establishment and Functionality of Ward committees
- Records Management Policy
- Recruitment policy(Revise)
- Retention of Skilled Personnel
- Land disposal policy
- Travelling allowance
- Induction policy
- Training and development/Study policy
- Leave Encashment Policy
- Housing Help/Assistance
- Standby, Shift Allowance policy
- Occupation Health and Safety

4.3 Monitoring and Evaluation

Disciplinary Action

Table: Disciplinary action

C5. EMPLOYEES WHO LEFT THE MUNICIPALITY																																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS			REASONS FOR LEAVING																TOTAL
																	RESIGNED		RETIRED		RETRENCHED		MEDICAL REASONS		DISMISSED		DEATH		CONTRACT TERMINATED		
	A	C	I	W	A	C	I	W	A	C	I	W		< 35	35 - 55	> 55	F	M	F	M	F	M	F	M	F	M	F	M	F	M	
					0				0	0	0	0				0										0						0
TOTALS	5	0	0	0	9	0	0	0	14	0	0	0	0	3	4	7	0	0	1	2	0	0	0	0	0	0	3	10	1	0	14

(Source: Workplace Skills Plan: 2022/23)

Component C: Employment Equity Status

TOTAL NUMBER OF COUNCILLORS/EMPLOYEES PER OCCUPATIONAL CATEGORY, POPULATION GROUP, DISABILITY STATUS, AND AGE GROUP

Table: Employee profile

Total Number of Councillors/Employees Per Occupational Category, Population Group, Disability Status, And Age Group																					
Occupation Category	Ofo Code	Occupation	FA		FI	FW	MA	MC	MI	MW	Total	DA	DC	DI	DW	Total	< 35	35 - 55	55 >	Total	Non SA
LEGISLATORS	2017-1111012	Speaker (Local or Provincial Government)	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
LEGISLATORS	2017-1111016	Ward Committee Member	30	0	0	0	13	1	0	0	44	0	0	0	0	0	15	24	5	44	0
LEGISLATORS	2017-111101-8	Councillor	5	0	0	1	7	0	0	2	15	1	0	0	0	1	3	9	3	15	0
LEGISLATORS	2017-1111019	Mayor	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
LEGISLATORS	2017-1111023	Chief Whip	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
LEGISLATORS Totals			36	0	0	1	22	1	0	2	62	1	0	0	0	1	18	36	8	62	0
MANAGERS	2017-111203-5	Municipal Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-121101	Finance Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-121101-8	Chief Financial Officer (CFO)	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0
MANAGERS	2017-121104	Internal Audit Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-121201	Human Resource Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-1213011	Planning & Development Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0
MANAGERS	2017-121902	Corporate Services Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-121905	Programme or Project Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-132101-6	Plant Superintendent	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-132104	Engineering Manager	1	0	0	0	2	0	0	0	3	0	0	0	0	0	0	3	0	3	0
MANAGERS	2017-132401-12	Supply Chain Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-134402	Community Development Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0

MANAGERS	2017-134602-1	Credit Control Manager	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0
MANAGERS	2017-134901-11	Pollution and Waste Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS	2017-134919	Traffic and Law Enforcement Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
MANAGERS Totals			4	0	0	0	12	0	0	1	17	0	0	0	0	0	1	14	2	17	0
PROFESSIONALS	2017-2133029	Environmental Waste Officer	0	0	0	0	4	0	0	0	4	0	0	0	0	0	0	4	0	4	0
PROFESSIONALS	2017-2133063	Water Quality Technician	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-216401	Urban and Regional Planner	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-226302-3	Occupational Safety and Health (OSH) Advisor / Coordinator / Officer / Professional	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
PROFESSIONALS	2017-241101	General Accountant	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-241102	Management Accountant	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0
PROFESSIONALS	2017-241107	Financial Accountant	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0
PROFESSIONALS	2017-242102	Organisation and Methods Analyst	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
PROFESSIONALS	2017-242102-1	Organisational Performance Manager / Practitioner	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	1	0
PROFESSIONALS	2017-242103	Business Development Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-242211	Internal Auditor	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-242303	Human Resource Advisor	2	0	0	0	0	0	0	0	2	0	0	0	0	0	1	1	0	2	0
PROFESSIONALS	2017-242303-10	Hr Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
PROFESSIONALS	2017-242304-1	Industrial Relations Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-243103-3	Tourism Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-243201	Communication Coordinator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-243201-11	Coordinator External / Internal Communication	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PROFESSIONALS	2017-252201-3	IT Information Systems Administrator	3	0	0	0	0	0	0	0	3	0	0	0	0	0	3	0	0	3	0
PROFESSIONALS Totals			12	0	0	1	11	0	0	0	24	0	0	0	0	0	9	14	1	24	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-311201-11	Work Site Engineering Technician	0	0	0	0	2	0	0	0	2	0	0	0	0	0	2	0	0	2	0

TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-311401	Electronic Engineering Technician	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	1	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-1	Electrical Foreman	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-4	Planned Maintenance Foreman	0	0	0	0	4	0	0	0	4	0	0	0	0	0	0	3	1	4	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313201-7	Pumping-station Operator	0	0	0	0	6	0	0	0	6	0	0	0	0	0	0	6	0	6	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313201-8	Water Treatment Plant Technician	1	0	0	0	1	0	0	0	2	0	0	0	0	0	1	0	1	2	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313203	Water Process Controller	6	0	0	0	18	0	0	0	24	0	0	0	0	0	9	15	0	24	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313205	Water Process Controller	1	0	0	0	1	0	0	0	2	0	0	0	0	0	0	2	0	2	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-332302	Purchasing Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0

TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333301-7	Recruitment Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333905	Supply Chain Practitioner	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334102	Office Administrator	2	0	0	1	2	0	0	0	5	0	0	0	0	0	0	4	1	5	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302	Personal Assistant	2	0	0	0	0	0	0	0	2	0	0	0	0	0	1	1	0	2	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302-4	Executive Assistant	3	0	0	0	1	0	0	0	4	0	0	0	0	0	2	2	0	4	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341201-1	Community Development Facilitator	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341201-3	Community Development Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0

TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341301-1	Lay Preacher	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-342201	Sports Development Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS Totals			18	0	0	1	40	0	0	1	60	0	0	0	0	0	16	41	3	60	0
CLERICAL SUPPORT WORKERS	2017-411101	General Clerk	4	0	0	0	2	0	0	0	6	0	0	0	0	0	2	3	1	6	0
CLERICAL SUPPORT WORKERS	2017-412101	Secretary (General)	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
CLERICAL SUPPORT WORKERS	2017-413201-8	Data Capturer	3	0	0	0	0	0	0	0	3	0	0	0	0	0	3	0	0	3	0
CLERICAL SUPPORT WORKERS	2017-421401	Debt Collector	3	0	0	0	3	0	0	0	6	0	0	0	0	0	4	2	0	6	0
CLERICAL SUPPORT WORKERS	2017-421401-5	Debt Recovery Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0

CLERICAL SUPPORT WORKERS	2017-421401-8	Debt Management Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
CLERICAL SUPPOR	2017-422301	Switchboard Operator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0

T WORKERS																					
CLERICAL SUPPORT WORKERS	2017-422501	Enquiry Clerk	4	0	0	0	2	0	0	0	6	0	0	0	0	0	1	5	0	6	0
CLERICAL SUPPORT WORKERS	2017-431101	Accounts Clerk	2	0	0	0	1	0	0	0	3	0	0	0	0	0	2	1	0	3	0
CLERICAL SUPPORT WORKERS	2017-431101-2	Creditors Clerk	0	0	0	0	2	0	0	0	2	0	0	0	0	0	1	1	0	2	0
CLERICAL SUPPORT WORKERS	2017-431101-5	Assets Clerk / Coordinator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
CLERICAL SUPPORT WORKERS	2017-431101-8	Debtors Clerk	1	0	0	1	0	0	0	0	2	0	0	0	0	0	0	2	0	2	0
CLERICAL SUPPORT WORKERS	2017-431101-9	Billing Administrator / Representative / Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0

CLERICAL SUPPORT WORKERS	2017-432301-4	Fleet Contracts Manager / Controller / Coordinator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
CLERICAL SUPPORT WORKERS	2017-441101-18	Records Coordinator / Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	1	0

CLERICAL SUPPORT WORKERS	2017-441202-3	Messenger	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	2	0	2	0
CLERICAL SUPPORT WORKERS	2017-441601	Human Resources Clerk	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
CLERICAL SUPPORT WORKERS	2017-441903-1	Administration Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0
CLERICAL SUPPORT WORKERS Totals			25	0	0	1	14	0	0	0	40	0	0	0	0	0	16	21	3	40	0
SERVICE AND SALES WORKERS	2017-523102-2	Cashier	3	0	0	0	1	0	0	0	4	0	0	0	0	0	0	3	1	4	0
SERVICE AND SALES WORKERS	2017-541101	Fire Fighter	0	0	0	0	3	0	0	0	3	0	0	0	0	0	1	2	0	3	0
SERVICE AND SALES WORKERS	2017-541201	Traffic Officer	4	0	0	0	0	0	0	0	4	0	0	0	0	0	0	4	0	4	0
SERVICE AND SALES WORKERS	2017-541201-3	Traffic Sergeant	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0

SERVICE AND SALES WORKERS	2017-541401	Security Officer	2	0	0	0	2	0	0	0	4	0	0	0	0	0	1	3	0	4	0
SERVICE AND SALES WORKERS	2017-541401-3	Security Guard	23	0	0	0	36	0	0	0	59	0	0	0	0	0	18	40	1	59	0
SERVICE AND SALES WORKERS Totals			32	0	0	0	43	0	0	0	75	0	0	0	0	0	20	53	2	75	0
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-611302	Landscape Gardener	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642601	Plumber	0	0	0	0	9	0	0	0	9	0	0	0	0	0	0	9	0	9	0
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642601-7	Water Plumber	1	0	0	0	5	0	0	0	6	0	0	0	0	0	0	6	0	6	0

SKILLED AGRICULTUR AL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642605-3	Water Reticulation Practitioner	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
SKILLED AGRICULTUR AL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101	Electrician	0	0	0	0	4	0	0	0	4	0	0	0	0	0	0	4	0	4	0
SKILLED AGRICULTUR AL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101-4	Electrician (General)	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	2	0	2	0
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS Totals			1	0	0	0	22	0	0	0	23	0	0	0	0	0	0	22	1	23	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-711201-33	Pumping Plant Operator	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-733201	Truck Driver (General)	0	0	0	0	6	0	0	0	6	0	0	0	0	0	0	3	3	6	0

PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-733204-1	Water Tanker Driver	0	0	0	0	3	0	0	0	3	0	0	0	0	0	1	2	0	3	0

PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101	Agricultural Mobile Plant (Equipment) Operator	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101-1	Agricultural Machine and Equipment Operator	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	1	1	2	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101-5	Agricultural Mobile Equipment Operator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	1	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101-8	Tractor Driver	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	1	1	2	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734204	Excavator Operator	0	0	0	0	4	0	0	0	4	0	0	0	0	0	0	4	0	4	0

PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734205	Grader Operator	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734206-5	Front-end-loader Operator	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS Totals			1	0	0	0	21	0	0	0	22	0	0	0	0	0	1	12	9	22	0
ELEMENTARY OCCUPATIONS	2017-811201-4	Office Cleaner	18	0	0	0	1	0	0	0	19	0	0	0	0	0	0	10	9	19	0
ELEMENTARY OCCUPATIONS	2017-811204	Caretaker / cleaner	1	0	0	0	2	0	0	0	3	0	0	0	0	0	0	3	0	3	0
ELEMENTARY OCCUPATIONS	2017-821401	Garden Workers	2	0	0	0	12	0	0	0	14	0	0	0	0	0	0	6	8	14	0
ELEMENTARY OCCUPATIONS	2017-831301-9	Road Construction / Maintenance Labourer	8	0	0	0	20	0	0	0	28	1	0	0	0	1	2	20	6	28	0
ELEMENTARY OCCUPATIONS	2017-831304	Plumber's Assistant	2	0	0	0	36	0	0	0	38	0	0	0	0	0	2	25	11	38	0
ELEMENTARY OCCUPATIONS	2017-831313	Water Process Worker	0	0	0	0	4	0	0	0	4	0	0	0	0	0	1	3	0	4	0

ELEMENTARY OCCUPATIONS	2017-861101-3	Refuse Collector	35	0	0	0	41	1	0	0	77	1	0	0	0	1	6	59	12	77	0
ELEMENTARY OCCUPATIONS	2017-861101-6	Waste Removalist	3	0	0	0	9	0	0	0	12	1	0	0	0	1	0	6	6	12	0
ELEMENTARY OCCUPATIONS	2017-861101-9	Park / Gardens Cleaner	3	0	0	0	7	0	0	0	10	0	0	0	0	0	0	7	3	10	0
ELEMENTARY OCCUPATIONS	2017-8622022	Handy Man	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
ELEMENTARY OCCUPATIONS	2017-862301	Meter Reader	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0
ELEMENTARY OCCUPATIONS	2017-8623013	Water Meter Reader	1	0	0	0	3	0	0	0	4	0	0	0	0	0	0	4	0	4	0
ELEMENTARY OCCUPATIONS	2017-862918-13	Electrical Helper	0	0	0	0	3	0	0	0	3	0	0	0	0	0	0	3	0	3	0
ELEMENTARY OCCUPATIONS	2017-862918-2	Electrician Assistant	3	0	0	0	4	0	0	0	7	0	0	0	0	0	4	2	1	7	0
ELEMENTARY OCCUPATIONS	2017-862919-1	Mechanic Assistant	0	0	0	0	3	0	0	0	3	0	0	0	0	0	0	3	0	3	0
ELEMENTARY OCCUPATIONS Sub Totals			76	0	0	0	147	1	0	0	224	3	0	0	0	3	15	153	56	224	0
Totals			205	0	0	4	332	2	0	4	547	4	0	0	0	4	96	366	85	547	0

Table: Summary Employment Data

Total number of black (African, Coloured, Indian) employees	547
Black employees as a % of total employees	98%
Total number of women employees	208
Women employees as a % of total employees	38%
Total number of employees with disabilities	3
Employees with disabilities as a % of total employees	1%
Total employees over the age of 55	85
Over 55 employees as a % of total employees	19%
Total employees between the ages of 35 and 55	366
Employees between 35 and 55 as a % of total employees	67%
Total employees under the age of 35	96
Employees under 35 as a % of total employees	18%

Qualifications Profile

Table: Employee qualification profile

Qualification Profile														
Occupation Category	Ofo Code	Occupation	Belo w NQF Level	NQF Level 1	NQF Level 2	NQF Level 3	NQF Level 4	NQF Level 5	NQF Level 6	NQF Level 7	NQF Level 8	NQF Level 9	NQF Level 10	Other	Total
LEGISLATORS	2017-111101-2	Speaker (Local or Provincial Government)	0	0	0	0	1	0	0	0	0	0	0	0	1
LEGISLATORS	2017-111101-6	Ward Committee Member	13	3	0	10	15	3	0	0	0	0	0	0	44
LEGISLATORS	2017-111101-8	Councillor	1	0	0	3	6	1	3	0	1	0	0	0	15
LEGISLATORS	2017-111101-9	Mayor	0	0	0	0	0	1	0	0	0	0	0	0	1
LEGISLATORS	2017-111102-3	Chief Whip	0	0	0	0	0	0	1	0	0	0	0	0	1
LEGISLATORS Totals			14	3	0	13	22	5	4	0	1	0	0	0	62
MANAGERS	2017-111203-5	Municipal Manager	0	0	0	0	0	1	0	0	0	0	0	0	1
MANAGERS	2017-121101	Finance Manager	0	0	0	0	0	0	1	0	0	0	0	0	1
MANAGERS	2017-121101-8	Chief Financial Officer (CFO)	0	0	0	0	0	0	0	1	0	0	0	0	1
MANAGERS	2017-121104	Internal Audit Manager	0	0	0	0	0	0	1	0	0	0	0	0	1
MANAGERS	2017-121201	Human Resource Manager	0	0	0	0	0	0	0	1	0	0	0	0	1
MANAGERS	2017-121301-1	Planning & Development Manager	0	0	0	0	0	0	0	0	1	0	0	0	1
MANAGERS	2017-121902	Corporate Services Manager	0	0	0	0	0	0	0	1	0	0	0	0	1
MANAGERS	2017-121905	Programme or Project Manager	0	0	0	0	0	0	0	1	0	0	0	0	1
MANAGERS	2017-132101-6	Plant Superintendent	0	0	0	0	0	1	0	0	0	0	0	0	1
MANAGERS	2017-132104	Engineering Manager	0	0	0	0	0	0	3	0	0	0	0	0	3
MANAGERS	2017-132401-12	Supply Chain Manager	0	0	0	0	0	0	1	0	0	0	0	0	1
MANAGERS	2017-134402	Community Development Manager	0	0	0	0	0	0	1	0	0	0	0	0	1
MANAGERS	2017-134602-1	Credit Control Manager	0	0	0	0	0	1	0	0	0	0	0	0	1
MANAGERS	2017-134901-11	Pollution and Waste Manager	0	0	0	0	0	0	1	0	0	0	0	0	1
MANAGERS	2017-134919	Traffic and Law Enforcement Manager	0	0	0	0	0	0	1	0	0	0	0	0	1
MANAGERS Totals			0	0	0	0	0	3	9	4	1	0	0	0	17

PROFESSIONALS	2017-213302-9	Environmental Waste Officer	0	0	1	0	0	2	1	0	0	0	0	0	4
PROFESSIONAL	2017-213306-3	Water Quality Technician	0	0	0	0	0	0	1	0	0	0	0	0	1

S															
PROFESSIONALS	2017-216401	Urban and Regional Planner	0	0	0	0	0	0	1	0	0	0	0	0	1
PROFESSIONAL S	2017-226302-3	Occupational Safety and Health (OSH) Advisor / Coordinator / Officer / Professional	0	0	0	0	0	0	1	0	0	0	0	0	1
PROFESSIONALS	2017-241101	General Accountant	0	0	0	0	0	0	1	0	0	0	0	0	1
PROFESSIONALS	2017-241102	Management Accountant	0	0	0	0	0	0	0	1	0	0	0	0	1
PROFESSIONALS	2017-241107	Financial Accountant	0	0	0	0	0	0	1	0	0	0	0	0	1
PROFESSIONALS	2017-242102	Organisation and Methods Analyst	0	0	0	0	0	0	0	1	0	0	0	0	1
PROFESSIONAL S	2017-242102-1	Organisational Performance Manager / Practitioner	0	0	0	0	0	0	0	1	0	0	0	0	1
PROFESSIONALS	2017-242103	Business Development Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
PROFESSIONALS	2017-242211	Internal Auditor	0	0	0	0	0	0	0	1	0	0	0	0	1

PROFESSIONALS	2017-242303	Human Resource Advisor	0	0	0	0	0	1	0	1	0	0	0	0	2
PROFESSIONALS	2017-242303-10	Hr Officer	0	0	0	0	0	0	0	1	0	0	0	0	1
PROFESSIONALS	2017-242304-1	Industrial Relations Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
PROFESSIONALS	2017-243103-3	Tourism Officer	0	0	0	0	1	0	0	0	0	0	0	0	1
PROFESSIONALS	2017-243201	Communication Coordinator	0	0	0	0	0	0	0	1	0	0	0	0	1
PROFESSIONALS	2017-243201-11	Coordinator External / Internal Communication	0	0	0	0	0	0	1	0	0	0	0	0	1
PROFESSIONALS	2017-252201-3	IT Information Systems Administrator	0	0	0	0	1	2	0	0	0	0	0	0	3
PROFESSIONALS Totals			0	0	1	0	2	7	7	7	0	0	0	0	24
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-311201-11	Work Site Engineering Technician	0	0	0	0	1	0	1	0	0	0	0	0	2
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-311401	Electronic Engineering Technician	0	0	0	0	0	1	0	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-1	Electrical Foreman	0	0	0	0	0	0	1	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-4	Planned Maintenace Foreman	1	0	0	0	2	1	0	0	0	0	0	0	4
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313201-7	Pumping-station Operator	0	1	1	2	2	0	0	0	0	0	0	0	6

TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313201-8	Water Treatment Plant Technician	0	0	1	0	1	0	0	0	0	0	0	0	2
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313203	Water Process Controller	0	0	1	7	10	6	0	0	0	0	0	0	24
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313205	Water Process Controller	0	0	0	1	1	0	0	0	0	0	0	0	2
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-332302	Purchasing Officer	0	0	0	0	0	0	1	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333301-7	Recruitment Officer	0	0	0	0	0	0	1	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333905	Supply Chain Practitioner	0	0	0	0	0	1	0	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334102	Office Administrator	0	0	0	0	1	2	1	1	0	0	0	0	5
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302	Personal Assistant	0	0	0	0	1	0	0	1	0	0	0	0	2

TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302-4	Executive Assistant	0	0	0	0	2	1	0	1	0	0	0	0	4
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341201-1	Community Development Facilitator	0	0	0	0	0	1	0	0	0	0	0	0	1

TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341201-3	Community Development Officer	0	0	0	0	1	0	0	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341301-1	Lay Preacher	0	0	0	0	0	0	0	1	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-342201	Sports Development Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
TECHNICIANS AND ASSOCIATE PROFESSIONALS Totals			1	1	3	10	22	14	5	4	0	0	0	0	60
CLERICAL SUPPORT WORKERS	2017-411101	General Clerk	0	0	0	1	1	2	2	0	0	0	0	0	6
CLERICAL SUPPORT WORKERS	2017-412101	Secretary (General)	0	0	0	0	1	0	0	0	0	0	0	0	1

CLERICAL SUPPORT WORKERS	2017-413201-8	Data Capturer	0	0	0	0	1	2	0	0	0	0	0	0	3
CLERICAL SUPPORT WORKERS	2017-421401	Debt Collector	1	0	0	1	0	2	1	1	0	0	0	0	6
CLERICAL SUPPORT WORKERS	2017-421401-5	Debt Recovery Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
CLERICAL SUPPORT	2017-421401-8	Debt Management Officer	0	0	0	0	0	0	1	0	0	0	0	0	1

T WORKERS															
CLERICAL SUPPORT WORKERS	2017-422301	Switchboard Operator	0	0	0	1	0	0	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-422501	Enquiry Clerk	1	0	0	0	1	2	0	2	0	0	0	0	6
CLERICAL SUPPORT WORKERS	2017-431101	Accounts Clerk	0	0	0	0	0	0	1	2	0	0	0	0	3

CLERICAL SUPPORT WORKERS	2017-431101-2	Creditors Clerk	0	0	0	0	0	0	2	0	0	0	0	0	2
CLERICAL SUPPORT WORKERS	2017-431101-5	Assets Clerk / Coordinator	0	0	0	0	0	0	0	1	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-431101-8	Debtors Clerk	0	0	0	0	1	0	0	1	0	0	0	0	2
CLERICAL SUPPORT WORKERS	2017-431101-9	Billing Administrator / Representative / Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-432301-4	Fleet Contracts Manager / Controller / Coordinator	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-441101-18	Records Coordinator / Officer	0	0	0	0	0	1	0	0	0	0	0	0	1

CLERICAL SUPPORT WORKERS	2017-441202-3	Messenger	0	0	0	1	1	0	0	0	0	0	0	0	2

CLERICAL SUPPORT WORKERS	2017-441601	Human Resources Clerk	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-441903-1	Administration Officer	0	0	0	0	1	0	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS Totals			2	0	0	4	7	11	9	7	0	0	0	0	40
SERVICE AND SALES WORKERS	2017-523102-2	Cashier	0	0	0	0	2	2	0	0	0	0	0	0	4
SERVICE AND SALES WORKERS	2017-541101	Fire Fighter	1	0	1	0	1	0	0	0	0	0	0	0	3
SERVICE AND SALES WORKERS	2017-541201	Traffic Officer	0	0	0	0	0	4	0	0	0	0	0	0	4
SERVICE AND SALES WORKERS	2017-541201-3	Traffic Sergeant	0	0	0	0	0	1	0	0	0	0	0	0	1
SERVICE AND SALES WORKERS	2017-541401	Security Officer	1	0	0	2	1	0	0	0	0	0	0	0	4
SERVICE AND SALES WORKERS	2017-541401-3	Security Guard	15	0	1	36	7	0	0	0	0	0	0	0	59
SERVICE AND SALES WORKERS Totals			17	0	2	38	11	7	0	0	0	0	0	0	75
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-611302	Landscape Gardener	0	0	0	1	0	0	0	0	0	0	0	0	1

SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	**2017-642601**	**Plumber**	**0**	**2**	**2**	**2**	**2**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**9**
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	**2017-642601-7**	**Water Plumber**	**2**	**0**	**2**	**1**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**6**

SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642605-3	Water Reticulation Practitioner	0	0	0	0	1	0	0	0	0	0	0	0	1

SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101	Electrician	0	0	0	1	2	1	0	0	0	0	0	0	4
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED	2017-671101-4	Electrician (General)	0	0	0	2	0	0	0	0	0	0	0	0	2

TRADES WORKERS															
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS Totals			2	2	4	7	5	3	0	0	0	0	0	0	23
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-711201-33	Pumping Plant Operator	0	0	1	0	0	0	0	0	0	0	0	0	1

PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-733201	Truck Driver (General)	2	0	2	1	1	0	0	0	0	0	0	0	6
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-733204-1	Water Tanker Driver	0	2	0	0	1	0	0	0	0	0	0	0	3
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101	Agricultural Mobile Plant (Equipment) Operator	0	0	1	0	0	0	0	0	0	0	0	0	1
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101-1	Agricultural Machine and Equipment Operator	0	1	0	1	0	0	0	0	0	0	0	0	2
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101-5	Agricultural Mobile Equipment Operator	0	1	0	0	0	0	0	0	0	0	0	0	1
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101-8	Tractor Driver	0	0	1	1	0	0	0	0	0	0	0	0	2
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734204	Excavator Operator	1	1	1	1	0	0	0	0	0	0	0	0	4
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734205	Grader Operator	0	0	0	1	0	0	0	0	0	0	0	0	1

PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734206-5	Front-end-loader Operator	0	0	1	0	0	0	0	0	0	0	0	0	1	
PLANT AND MACHINE OPERATORS AND ASSEMBLERS Totals			3	5	7	5	2	0	0	0	0	0	0	0	22	
ELEMENTARY OCCUPATIONS	2017-811201-4	Office Cleaner	6	2	5	4	2	0	0	0	0	0	0	0	19	
ELEMENTARY OCCUPATIONS	2017-811204	Caretaker / cleaner	0	0	0	1	2	0	0	0	0	0	0	0	3	
ELEMENTARY OCCUPATIONS	2017-821401	Garden Workers	6	3	1	3	1	0	0	0	0	0	0	0	14	
ELEMENTARY OCCUPATIONS	2017-831301-9	Road Construction / Maintenance Labourer	1	5	4	4	14	0	0	0	0	0	0	0	28	
ELEMENTARY OCCUPATIONS	2017-831304	Plumber's Assistant	3	9	5	16	5	0	0	0	0	0	0	0	38	
ELEMENTARY OCCUPATIONS	2017-831313	Water Process Worker	0	0	2	1	1	0	0	0	0	0	0	0	4	
ELEMENTARY OCCUPATIONS	2017-861101-3	Refuse Collector	11	10	11	22	22	1	0	0	0	0	0	0	77	
ELEMENTARY OCCUPATIONS	2017-861101-6	Waste Removalist	1	5	4	2	0	0	0	0	0	0	0	0	12	
ELEMENTARY OCCUPATIONS	2017-861101-9	Park / Gardens Cleaner	1	4	2	2	0	1	0	0	0	0	0	0	10	
ELEMENTARY OCCUPATIONS	2017-862202-2	Handy Man	0	0	0	1	0	0	0	0	0	0	0	0	1	
ELEMENTARY OCCUPATIONS	2017-862301	Meter Reader	0	0	0	1	0	0	0	0	0	0	0	0	1	
ELEMENTARY OCCUPATIONS	2017-862301-3	Water Meter Reader	0	1	0	3	0	0	0	0	0	0	0	0	4	
ELEMENTARY OCCUPATIONS	2017-862918-13	Electrical Helper	0	0	1	1	0	1	0	0	0	0	0	0	3	
ELEMENTARY OCCUPATIONS	2017-862918-2	Electrician Assistant	0	0	0	1	0	3	3	0	0	0	0	0	7	
ELEMENTARY OCCUPATIONS	2017-862919-1	Mechanic Assistant	0	1	0	1	1	0	0	0	0	0	0	0	3	
ELEMENTARY OCCUPATIONS Totals			29	40	35	63	48	6	3	0	0	0	0	0	224	
Totals			68	51	52	140	119	56	37	22	2	0	0	0	547	

(Source: Workplace Skills Plan: 2022/23)

Table: Summary Employee Qualification Profile Data

EMPLOYEE QUALIFICATION PROFILE	
Total number of employees with an NQF Level 1 and below qualification	119
Employees with an NQF Level 1 and below qualification as a % of total employees	22%
Total number of employees with an NQF Level 2, 3 or 4 qualification	311
Employees with an NQF Level 2, 3 or 4 qualification as a % of total employees	57%
Total number of employees with an NQF Level 5 or above qualification	117
Employees with an NQF Level 5 or above qualification as a % of total employees	21%
Total employees who are Managers and Professionals with an NQF Level 6 or above qualification	28
Employees who are Managers and Professionals with an NQF Level 6 or above qualification as a % of total employees in those categories	68%
Total employees who are Technicians with an NQF Level 5 or above qualification	23
Employees who are Technicians and Associate Professionals with an NQF Level 5 or above qualification as a % of total employees in those categories	38%

(Source: Workplace Skills Plan: 2022/2023)

Component D: Capacitating the Municipal Workforce

Number of Training Beneficiaries by Occupational Category, Gender, Population Group, Disability and Age- Employees

Table: Training for Municipal Employees during 2022/23

	Gender and Race									Age group			
Occupational category	**FA**	**FC**	**FI**	**FW**	**MA**	**MC**	**MI**	**MW**	**TOTAL**	**<35**	**35-55**	**55>**	TOTAL
Legislators	24	0	0	0	15	1	0	0	**40**	17	22	1	40
Managers	2	0	0	0	5	0	0	2	**9**	0	9	0	9
Professionals	5	0	0	0	2	0	0	0	**7**	2	5	0	7
Technicians and Associate Professionals	7	0	0	0	2	0	0	0	**9**	5	4	0	9
Clerical Support Workers	8	0	0	0	3	0	0	0	**11**	4	7	0	11
Service and Sales Workers	1	0	0	0	8	0	0	0	**9**	1	8	0	9
Skilled Agricultural, forestry, fishery, craft and related trades workers	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Plant and Machine operators and Assemblers	0	0	0	0	11	0	0	0	**11**	1	8	2	11
Elementary occupations	8	0	0	0	17	0	0	0	**25**	5	20	0	25
Total	**55**	**0**	**0**	**0**	**63**	**1**	**0**	**2**	**121**	**35**	**83**	**3**	**121**

(Source: Workplace Skills Plan: 2022/23)

Number of Training Beneficiaries by occupational Category, Gender, Population Group, Disability and Age as at 30 April 2023 - Unemployed

	Gender and Race									Age group			
Occupational category	**F A**	**F C**	**F I**	**F W**	**M A**	**M C**	**M I**	**M W**	**TOTAL**	**<35**	**35-55**	**55 >**	**Total**
Legislators	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Managers	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Technicians and Trade Workers	1	0	0	0	0	0	0	0	**0**	1	0	0	0
Clerical and Administrative Workers	3	0	0	0	2	0	0	0	**5**	5	0	0	5
Service and Sales Workers	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Plant and Machine operators and Assemblers	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	**0**	0	0	0	0
Total	**4**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**6**	6	0	0	6

(Source: Workplace Skills Plan: 2021/22)

SKILLS DEVELOPMENT SUMMARY

Reporting on Training Expenditure for 1 May 2022-30 April 2023

Funding Source	**Planned Training Budget-Employed**	**Planned Training Budget-Unemployed**	**Actual Expenditure - Employed**	**Actual Expenditure-Unemployed**	**Committed Expenditure - Employed**	**Committed Expenditure-Unemployed**
Mandatory Grant Funds	149160	0	0	0	96000	0
Outstanding Mandatory Grant Funds from previous year	53160	0	0	0	0	0
Discretionary Grant Funds	180 000.00	101000.00	0	0	0	0
Additional funding (Municipality/ entity, donor funds, other government funds etc.)	100000	300000.00	0	0	0	
Total	**1241163**	**401000**		**0**	**96000**	**0**

(Source: Workplace Skills Plan: 2022/23)

Nketoana Local Municipality

Planned Training Budget for 1 May 2022- 30 April 2023

Funding Source	Planned Training Budget- Employed	Planned Training Budget- Unemployed	Actual Expenditure - Employed	Actual Expenditure- Unemployed	committed Expenditure - Employed	Committed Expenditure - Unemployed
Mandatory Grant Funds	227 003.00	0	0	0	0	0
Outstanding Mandatory Grant Funds from previous year	149 160	0	0	0	0	0
Discretionary Grant Funds	165 000	101 000	0	0	0	0
Additional funding (Municipality/ entity, donor funds, other government funds etc)	700 000	300 000	0	0	0	0
Total	**1241163**	**401000**	**0**	**0**	**0**	**0**

(Source: Workplace Skills Plan: 2023)

Component E: Managing the Workforce Expenditure

Disclosure of Staff Remuneration

Nketoana Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
34. Employee related costs		
Basic salary	93,050,645	95,668,344
Bonus	7,076,643	5,971,868
Acting allowances	2,958,917	2,566,938
Medical aid - company contributions	3,335,107	2,696,773
UIF	925,084	923,436
Skills development levy	1,724,831	1,797,865
SALGA contributions	61,474	60,323
Employee benefits plans	360,363	(2,168,200)
Travel allowances	8,100,640	7,426,532
Overtime payments	8,678,319	7,656,083
Housing benefits and allowances	1,493,613	1,577,464
Pension	17,219,320	16,083,089
Standby allowances	1,983,526	1,553,279
Telephone and other allowances	1,691,000	2,224,947
WCA	44,390	59,446
	148,703,872	**144,098,187**
35. Remuneration of councillors		
Mayor	-	433,450
Council salaries	5,618,137	4,728,113
	5,618,137	**5,161,563**

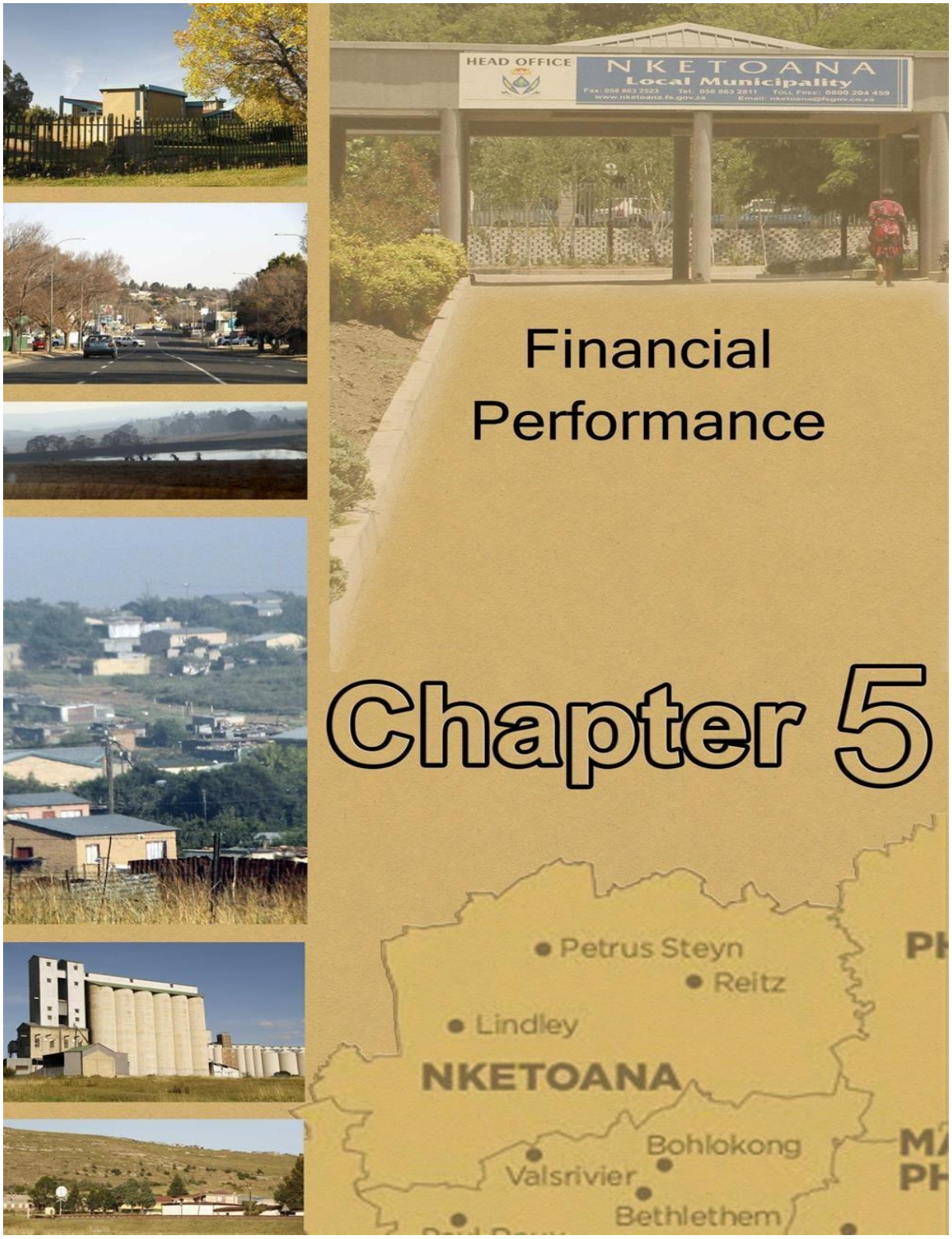
Additional information

The Mayor and Speaker are full-time employees of the Municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker have the use of Council owned vehicles for official duties.

Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative Governance and the framework envisaged in section 219 of the Constitution and any excess has been included and disclosed as irregular expenditure.

No performance bonuses were paid to Councillors in the current or prior year. All bonuses refer to the structuring of remuneration based on individual requests.


HEAD OFFICE
NKETOANA
Local Municipality
Financial
Performance
Chapter 5
Petrus Steyn
Reitz
Lindley
NKETOANA
Bohlokong
Valsrivier
Bethlehem

CHAPTER 5

5. FINANCIAL PERFORMANCE

INTRODUCTION

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

5. Component A: Statement of Financial Position Audited Financial Statement 2022/2023

The Annual Financial Statements reflect the continued progress being made by the Municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its communities. It further provides a reflection of the financial state of affairs focusing on the fair presentation of financial position, financial performance and cash flows at each reporting date. Government grants and subsidies have also contributed to the slight increase in revenue. The municipality is focused on improving its revenue base and revenue collection through the effective implementation of its finance related policies.

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance 180 Management Act, (Act No. 56 of 2003). The principal accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document. The financial statements have been prepared based on the accounting policies that the municipality deems to be appropriate for the activities of the municipality and have been applied consistently in all respects from the previous financial years.

See Annexure A – Nketoana Local Municipality's Annual Financial Statements 2022/2023

Component B: Spending Against Capital Budget

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities can spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent.

Types of municipal grants

- MIG
- WSIG
- INEP
- RBIG

Component C: Other Financial Matters

SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary, submit proposal for the amendment of the policy to council. Section 117 of the MFMA states that: "No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer." The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee

- A bid evaluation committee

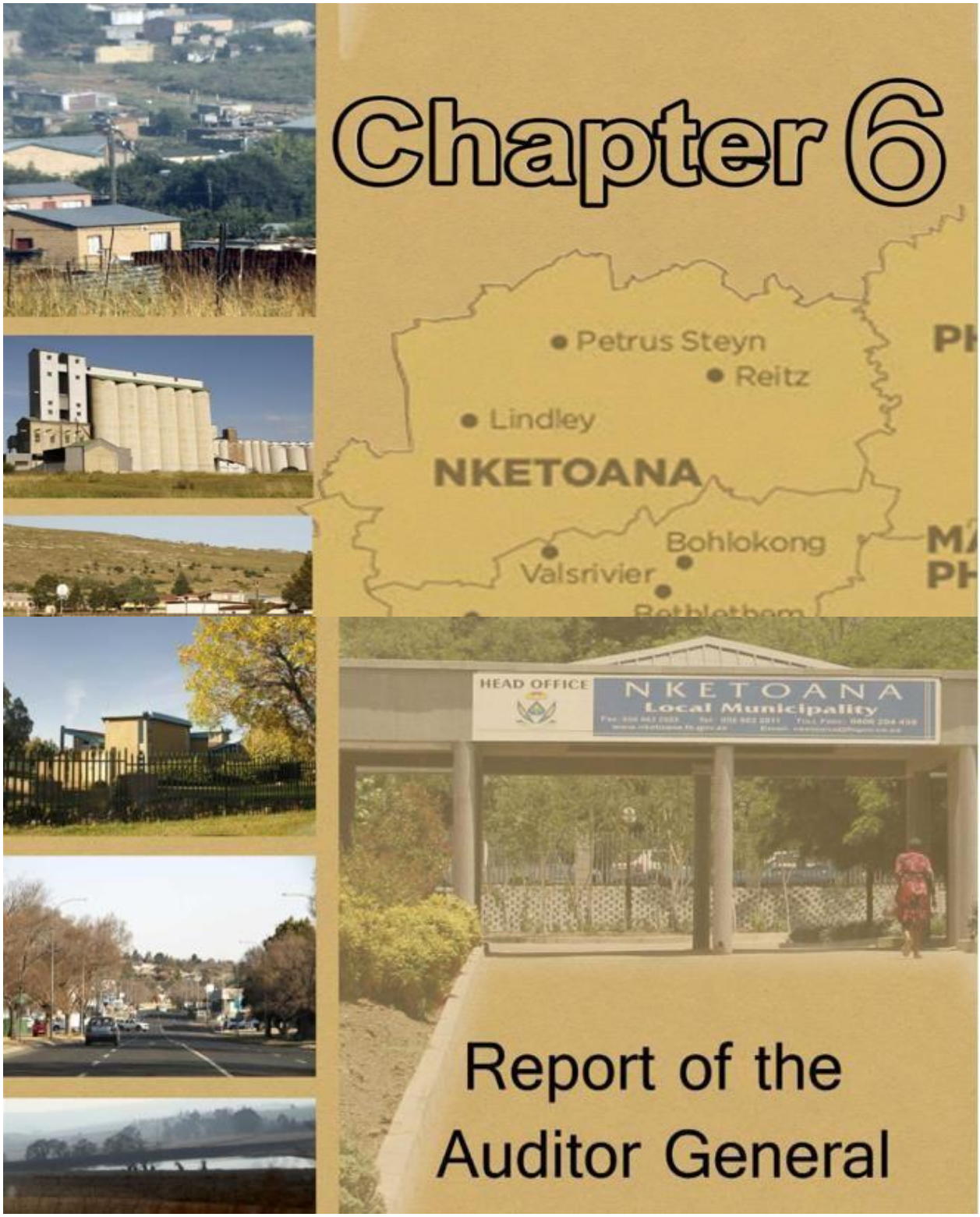
- A bid adjudication committee

Municipal Regulations on Minimum Competency Levels states that: "The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management."

The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners. Supply Chain Management is centralized and situated under Finance Department with 5 permanent staff members including the manager who have completed the minimum competency requirements.

GRAP COMPLIANCE

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


Chapter 6
Petrus Steyn
Reitz
Lindley
NKETOANA
Bohlokong
Valsrivier
HEAD OFFICE
NKETOANA
Local Municipality
Report of the
Auditor General

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS (PRIOR YEAR)

COMPONENT A – AUDITOR GENERAL OPINION YEAR 2021/2022

Report on the audit of the financial statements

Disclaimer of opinion

The Municipality received a disclaimer audit opinion. The Auditor General did not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of the auditor's report, AG was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. The prior year audit report was included in Annual Report tabled to council on 31st October 2023.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2022/2023

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

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Nketoana Local Municipality set out on pages 560 to 667 which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property Plant and Equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as the municipality did not provide adequate supporting evidence for the inputs used in assessing changes to the residual values and the useful lives of assets based on their impairment and useful lives assessment methodology. The municipality also could not provide sufficient appropriate audit evidence for property, plant, and equipment due to the status of the accounting records. In addition, I was unable to confirm the physical existence of some assets recorded in the asset register as the municipality did not provide accurate coordinates and/or the actual location of these assets. I was unable to confirm the property, plant, and equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R860 455 825 (2022: R904 669 384) in note 13 to the financial statements.

4. The municipality also did not account for property plant and equipment in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) 21, *Impairment of non-cash generating assets* and GRAP 26, *Impairment of cash-generating assets* as the municipality did not impair assets when they identified indicators of impairment. I was unable to determine the impact on the net carrying amount of property, plant and

equipment included in note 13 and impairment loss included in note 46 to the financial statements as it was impracticable to do so. Additionally, there was an impact on the deficit for the year and accumulated surplus.

5. Furthermore, the municipality did not account for property, plant and equipment within accordance GRAP 17, *Property, plant and equipment*, as the municipality did not record all the assets that were purchased during the year in their asset register and financial statements. Consequently, the work-in-progress included in the reconciliation of work-in-progress 2023 was understated by R17 763 958 and general expenses were also understated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

6. The municipality also did not calculate any depreciation on the community building and facilities assets included in note 13 to the financial statements. I was unable to determine the full extent of the overstatement to the community building and facilities assets stated at R94 763 685 as it was impracticable to do so. Additionally, there was an impact on depreciation and amortisation expense, deficit for the year and accumulated surplus.

Service charges

7. I was unable to obtain sufficient appropriate audit evidence for the revenue from the sale of electricity and water included in note 24 to the financial of statements as the municipality did not have reliable data of actual consumption to estimate consumer billings for electricity and water. I was unable to confirm the revenue from the sale of electricity and water by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to revenue from the sale of electricity and water stated at R141 194 482 (2022: R134 527 168) in note 24 to the financial statements.

8. In addition, the municipality did not recognise service charges in accordance with GRAP 9, *Revenue from exchange transactions*. This was due to some consumers not being billed while other consumers were also not recorded in the correct financial period. Consequently, this resulted in an understatement of service changes by R8 474 233 and an understatement of receivables from exchange transactions by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Payables from exchange transactions

9. I was unable to obtain sufficient appropriate audit evidence for trade payables, salary control account and accrued leave pay included in payables from exchange transactions in note 18 to the financial statements due to a lack of proper record-keeping and reconciliation of control accounts by the municipality. I was unable to confirm the trade payables, salary control account and accrued leave pay by alternative means. Consequently, I was unable to determine whether any adjustments to trade payables, salary control account and accrued leave pay were necessary, stated at R808 715 318 (2022: R654 114 655) in note 18 to the financial statements.

10. In addition, the municipality did not recognise trade payables in accordance with GRAP 104, *Financial Instruments*, as the trade payables amounts recorded in the creditor's age analysis did not agree with the supplier statements and/or invoices. Consequently, trade payables were understated by R39 057 431. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Investment property

11. The municipality did not recognise investment property in accordance with GRAP 16, *Investment property,* as the municipality recognised properties held for distribution in terms of a housing scheme as investment properties instead of inventory. Consequently, I was unable to determine the full extent of the misstatement to investment property stated at R122 554 911 (2022: R115 636 709) in note 12 and inventories stated at R18 430 039 in note 3 to the financial statements as it was impracticable to do so. In addition, the municipality recognised properties that did not meet the definition of investment properties as they were not under the municipality's control and/or could not be physically verified. I was unable to determine the full extent of the misstatement in the current year as it was impracticable to do so. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Employee related costs

12. I was unable to obtain sufficient appropriate audit evidence for employee related costs due to the status of accounting records. I was unable to confirm employee related costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee related costs stated at R148 703 872.

13. During 2022, I was unable to obtain sufficient appropriate audit evidence for employee related costs, as material reconciling differences were identified between the human resource system and the general ledger. I was unable to confirm employee related costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee related costs as stated at R144 098 187 in note 34 to the financial statements.

Contracted services

14. I was unable to obtain sufficient appropriate audit evidence for contracted services as adequate supporting documentation could not be provided to confirm that the goods and services were actually received and at the correct quantity, quality and price. I was unable to confirm contracted services by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to contracted services stated at R16 622 172 (2022: R24 124 156) in note 42 of the financial statements.

Receivables from exchange transactions

15. The municipality did not recognise debt impairment on receivables from exchange transactions in accordance with GRAP 104, *Financial instruments* as the municipality

used inappropriate discounting methods, double counted, future receipts and incorrectly applied the municipality's impairment methodology when calculating the debt impairment for the current year. Consequently, the allowance for debt impairment was understated by R22 204 924, receivables from exchange transactions and debt impairment expense were understated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

VAT receivable

16. I was unable to obtain sufficient appropriate audit evidence for VAT receivables due to the status of the accounting records. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the VAT receivables stated at R30 165 892 (2022: R20 875 837) in note 9 to the financial statements.

17. In addition, the municipality did not adequately recognise VAT on the debt impairment expense in accordance with GRAP 104, *Financial instruments* as the debt impairment expense was recorded inclusive of VAT. I was unable to determine the full extent of the misstatement for the current and previous financial years as it was impracticable to do so. There was also an impact on the allowance for impairment included in receivables from exchange transactions, deficit for the year and accumulated surplus.

Other receivables

18. I was unable to obtain sufficient appropriate audit evidence for other receivables due to the status of the accounting records. I was unable to confirm the other receivables by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the other receivables stated at R7 980 337 (2022: R7 980 337) in note 5 to the financial statements.

Commitments

19. I was unable to obtain sufficient appropriate audit evidence for commitments, due to the status of the accounting records. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R192 869 662 (2022: R64 163 655) in note 49 to the financial statements.

20. In addition, the municipality did not disclose capital commitments in accordance with GRAP 17, *Property, plant and equipment*, as they did not disclose all the municipality's capital commitments. The municipality also did not record commitments at the correct amount and disclosed commitments that did not meet the recognition criteria as they were not contractual commitments entered into. I was unable to determine the full extent of the misstatement to capital commitments stated at R192 869 662 (2022: R64 163 655) in note 49 to the financial statements as it was impracticable to do so.

Irregular expenditure

21. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure, due to the status of the accounting records. I was unable to confirm the irregular expenditure

by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure stated at R479 930 270 (2022: R426 883 446) in note 57 to the financial statements.

22. In addition, the municipality did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the Municipal Finance Management Act 56 of 2003 (MFMA). The municipality incurred expenditure in contravention of the supply chain management (SCM) requirements, resulting in the understatement of irregular expenditure by R15 810 661 (2022: R56 237 105).

Unauthorised expenditure

23. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the status of the accounting records. I was unable to confirm unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unauthorised expenditure stated at R980 785 456 (2022: R810 658 560) in note 55 to the financial statements.

Net cash flow from operating activities

24. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2*, Cash flow statements.* This was due to multiple errors in determining the cash flows from operating activities. I was unable to determine the full extent of the errors in the net cash flow from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities stated at R71 996 545 (2022: R38 389 419) in the financial statements.

Net cash flow from investing activities

25. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining the cash flows from investing activities. I was unable to determine the full extent of the errors in the net cash flow from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from investing activities stated at R69 138 321 (2022: R37 348 923) in the financial statements.

Segment information

26. I was unable to obtain sufficient appropriate audit evidence for the total reportable segment's surplus or deficit, assets, and liabilities, due to the status of the accounting records. I was unable to confirm the segment information by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the total reportable segment surplus or deficit stated at R169 829 807 (2022: R189 500 230) and the total reportable segment assets stated at R1 120 912 947 (2022: R1 120 856 693) and total reportable segment liabilities stated at R940 753 407 (2022: R786 193 393) in note 63 to the financial statements.

Contingencies

27. I was unable to obtain sufficient appropriate audit evidence for contingencies due to the status of the accounting records. I was unable to confirm contingencies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingencies stated at R529 459 170 in note 50 to the financial statements.

28. In addition, the municipality did not disclose all contingent liabilities in accordance with GRAP 19, *Provision, contingent liabilities, and contingent assets* as they did not recognise all active litigation claims in the contingent liability note to the financial statements. Consequently, contingent liabilities stated in note 50 to the financial statements were understated by R258 095 741 (2022: R23 138 802). In addition, the municipality disclosed some court cases as contingent liabilities even though court judgements were passed subsequent to year-end, as a result, these contingent liabilities did not meet the definition of contingencies. I was unable to determine the full extent of the errors on contingent liabilities, stated at R529 459 170 in note 50 to the financial statements as it was impracticable to do so. Additionally, there was an impact on the provisions, payables from exchange transactions and events after the reporting date disclosures as required by GRAP 14, *Events after the reporting date*.

Prior year adjustments

29. I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 52 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

30. In addition, the municipality did not disclose all prior period errors in note 52 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. This was due to the municipality not disclosing the nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period.

Additional disclosure in terms of the MFMA

31. I was unable to obtain sufficient appropriate audit evidence for pay as you earn (PAYE) and unemployment insurance fund (UIF), material water distribution losses and pension and medical aid deductions disclosed in note 59 to the financial statements, due to the status of the accounting records. I was unable to confirm PAYE and UIF, material distribution losses and pension and medical aid deductions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to PAYE and UIF stated at R5 507 111 (2022: R11 125 135), material water distribution losses stated at R8 480 126 (2022: R9 945 842) and pension and medical aid deductions stated at R8 188 156 (2022: R8 862 579) in note 59 to the financial statements.

Employee benefit obligations

32. The municipality did not recognise the employee benefit obligation in accordance with GRAP 25, *Employee benefits* as management did not calculate the obligation in respect of all of the qualifying employees that were entitled to the benefit. I was unable to determine the impact on the employee benefit obligation as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to the employee benefit obligations stated at R32 378 325 (2022: R32 816 000) in note 20 to the financial statements.

Total expenditure

33. Total expenditure were materially misstated by R8 926 709 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- General expenses stated at R73 274 928 were overstated by R6 783 991.
- Debt impairment expense stated at R236 326 975 was understated by R6 519 648.
- Repairs and maintenance stated at R3 727 987 was understated by R4 116 859.
- Lease rentals on operating lease stated at R3 291 987 were understated by R3 291 987.
- Finance costs stated at R55 715 832 were understated by R1 782 206.

Material uncertainty relating to going concern

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

35. Note 53 to the financial statements indicates that the municipality incurred a net loss of R169 870 807 during the year ended 30 June 2023. The actual deficit for the year is R169 829 807 as per the statement of financial performance. There is an immaterial difference of R41 000 and; as of that date, the municipality's current liabilities exceeded its current assets by R741 015 329. In addition, the municipality owed Eskom an amount of R673 803 109 as at 30 June 2023, which was long overdue. These events or conditions, along with other matters as set forth in note 53, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Material losses

37. As disclosed in note 59 to the financial statements, electricity distribution losses of R24 566 600 (2022: R27 514 123) were incurred by the municipality mainly due to faulty meters, tampering, theft, and vandalism.

Material impairment

38. As disclosed in notes 7 to the financial statements, receivables from non-exchange transactions were impaired by R67 850 150 (2022: R55 659 281).

Fruitless and wasteful expenditure

39. As disclosed in note 56 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R47 655 198 (2022: R22 310 301), due to interest and penalties charged on overdue accounts.

Other matter

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

Unaudited disclosure notes

41. 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

42. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Division of Revenue Act 5 of 2022 (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.

43. 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

44. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matter[s] described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

45. 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 the 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.

Report on the audit of the annual performance report

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

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

KPA	Page numbers	Objective
Basic service delivery and infrastructure development	71-80	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of services

48. I was engaged to evaluate the KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and planned objectives.

49. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined 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
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

50. The material findings on the reported performance information for the selected KPA are as follows:

Basic service delivery and infrastructure development

Weekly or twice in a month for households and 2-3 times for business site (weekly)

51. I could not determine how the planned indicator would be measured and what evidence would be needed to support the achievement, as adequate supporting evidence was not provided for auditing. In addition, the municipality could not provide evidence to confirm that processes had been established to consistently measure and reliably report on this

52. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been indicator. These were due to a lack of measurement definitions and processes. Consequently, I could not confirm the reliability of the reported achievement.

Various indicators

53. achieved.

Indicator	Target	Reported achievement
Number of households with access to water	14 000 households with access water	Yes
15 000 formal settlements households having access to basic level of sanitation by 30 June 2023	15 000 formal settlements households having access to basic level of sanitation by 30 June 2023	Yes

Other matters

54. I draw attention to the matters below.

Achievement of planned targets

55. 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.

Material misstatements

56. 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 and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

57. 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.

58. 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.

59. 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.

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

Annual financial statements

61. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

Expenditure management

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

63. Payments were made from the municipality's bank accounts without the approval of the accounting officer or chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.

64. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of expenditure and or payment of funds, as required by section 65(2)(a) of the MFMA.

65. Reasonable steps were not taken to prevent irregular expenditure amounting to 53 046 824as disclosed in note 57 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for disclaimer paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) laws and regulations.

66. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to as R47 655 198 (2022: R22 310 301) as disclosed in note 56 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on overdue accounts.

67. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not

be quantified as indicated in the basis for disclaimer of opinion paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on the vote.

Revenue management

68. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

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

Assets management

70. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

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

Consequence management

72. 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.

73. 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.

74. 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.

75. Allegations of financial misconduct laid against officials of the municipality were not investigated by the disciplinary board, relevant treasury or an independent investigator or team of investigators appointed by council, as required by municipal regulations on financial misconduct procedures and criminal proceedings 5(4).

Strategic planning & performance management

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

Utilisation of conditional grants

77. I was unable to obtain sufficient appropriate audit evidence that the municipal infrastructure grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.

Human resource management

78. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000.

Procurement and contract management

79. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). A similar non-compliance was also reported in the prior year.

80. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). A similar non-compliance was also reported in the prior year.

81. Some of the contracts were awarded to bidders based on points given for legislative requirement that were not stipulated and differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the preferential procurement regulations (PPR).

82. Some of the contracts were awarded to bidders based on preference points that were not allocated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 and its regulations.

83. Sufficient appropriate audit evidence could not be obtained that tenders which failed to achieve the minimum qualifying score for functionality were disqualified as unacceptable tender and/or were not evaluated further in accordance with 2017 PPR 5(6) and 5(7).

84. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the Construction and Industry Development Board Act 38 of 2000 (CIDB) and CIDB regulations 17 and 25(7A). A similar non-compliance was also reported in the prior year.

85. Invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 PPR 8(2). A similar non-compliance was also reported in the prior year.

Internal control deficiencies

86. 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.

87. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion and, the material findings on the annual

performance report and the material findings on compliance with legislation included in this report.

88. There was a lack of effective consequence management by the municipal council and senior management that resulted in the control environment not being strengthened and improved. Additionally, there was instability in the position of accounting officer and chief financial officer during the financial year under review which impacted the effective management of the municipality during this period.

89. Management was slow in responding to the weaknesses in municipal processes that were identified through the prior year's external audit. As a result, management did not ensure that they implemented and effectively monitored controls over daily and monthly processing and reconciling of transactions and that they adequately safeguarded the information to ensure the integrity of the underlying records for both financial and performance reporting.

90. The municipality's audit committee did not function effectively during the year under review due to a lack of support from the leadership of the municipality. Consequently, this impacted on the functioning of the internal audit unit, which stagnated during the year.

Material Irregularities

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

Status of previously reported material irregularities

Full and proper accounting records not kept (2019-20) – infrastructure assets and service charges

92. In my 2019-20 auditor's report, I reported that the accounting officer did not take reasonable steps in the 2019-20 financial year to ensure that full and proper records were kept of service charges and infrastructure assets, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

93. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations, as disclosed in note 49 of the 2019-20 financial statements. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

94. The accounting officer was notified of this material irregularity on 1 February 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the

material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 28 June 2024 with a progress report within three (3) months:

a) The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and enhancing control weaknesses.

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

    - Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as payment certificates to support assets purchased; and
    - Adequate systems in place for the billing of services.

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

    - Increase the collection of revenue;
    - Optimise costs in respect of bulk purchases;
    - Efficiently manage the available resources of the municipality; and
    - Enter payment arrangements with major suppliers

Auditor-General

Bloemfontein

30 November 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation — selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b) Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)

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

COMPONENT B: AUDIT ACTION PLAN 2022/2023

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	Detailed Finding	Failure by the municipality and/or executive authority to exercise oversight responsibility to ensure that the decision to terminate the contract between the municipality and Pro Plan Consulting Engineers PTY (LTD) was well informed by sufficient and appropriate evidence that can be tested in the court of law.	RECOMMENDATION	RESPONSIBLE PERSON	TIMELINES	STATUS	STATUS-	STATUS-	STATUS-	EVIDENCE OF WORK PERFORMED	CHALLENGES
QUALIFICATION POINTS COMMUNITY SERVICES													
114	Environmental Audit Communication .	ENVIRONMENTAL	The detail included in the environmental communication cannot be copied into the audit communication due to the nature of the information	Refer to the annexures for details.	Refer to the annexures for details.								

			(tables. graphs and photos), refer to the annexures.										

183	Provisions - Licence not renewed, reasonability of assumptions not confirmed and differences in NPV Calculation		**Issue 1** The licence for the landfill site with the following details was not renewed as per the requirements of the licence of the landfill site. Page 16 of the licence document states that the licence should be renewed after every 5 years. No evidence was provided to confirm that the licence was renewed during the current year. Therefore, this places a limitation of scope on our	Management did not provide adequate reviewing and monitoring of compliance with applicable laws and regulations. Furthermore, the expert report was not properly reviewed for the reasonability of assumptions used in the calculation for provisions.	Management should review and monitor compliance with applicable laws and regulations.								

			audit process. **Issue 2** Differences were identified between the NPV of landfill site provision as per the Expert Report / AFS and the auditor's re-calculations. Refer to the table in CoAF 183 for the details of the differences identified: **Issue 3** The reasonability of the assumptions applied in the experts in the determination of the discount rate could not be confirmed. The experts										

			used Consumer price inflation of 7.39% as at 30 June 2023 to calculate the discount rate. However, as per the auditors' research on the consumer price inflation as at 30 June 2023, a rate of 5.40% was identified and confirmed as per the stats sa (Department: Statistics South Africa) website.										

191	Project 1: Construction of 12km pipeline (315mm, 250mm and 200mm dia PVC) from Reitz Water Treatment Works to Petrus Steyn-Phase 2D		On the 28 October 2020, the municipality and/or executive authority took a decision to terminate the contract between Pro Plan Consulting Engineers PTY (LTD), and the municipality, citing the irregular procurement process followed when the consultant was appointed. This prompted Pro Plan Consulting Engineers PTY (LTD) to take legal actions against the municipality. On the 16 of February 2023,	Failure by the municipality and/or executive authority to exercise oversight responsibility to ensure that the decision to terminate the contract between the municipality and Pro Plan Consulting Engineers PTY (LTD) was well informed by sufficient and appropriate evidence that can be tested in the court of law.	Management and/or leadership should improve on their decision making processes, and ensure that decisions to terminate contracts due to non-compliance are supported by sufficient and appropriate evidence that can be tested in the court of law. Management should update their fruitless and wasteful register, and disclose an amount of R1 500 000 in the financial								

			the Bloemfontein High Court ruled in favour of Pro Plan Consulting Engineers PTY (LTD), and ordered Nketoana Local Municipality to pay Pro Plan Consulting Engineers PTY (LTD) R9 102 105.36 in compliance with the Arbitration Award and R2 500 000 legal cost incurred by the consultant. As at October 2023, the municipality paid a total amount of R1 500 000 of the R11 602 105.36 settlement value as per the February 2023		statements. A further R10 102 105.36 in expenditure should be declared in the future payments to the consultant as fruitless and wasteful expenditure.								

			judgement of the high court. Thus, the total amount of R1 500 000 paid to Pro Plan Consulting Engineers PTY (LTD) relating to a court settlement which resulted from inefficiencies by the municipality, constitutes fruitless and wasteful expenditure in that, same constitute an expenditure undertaken without value and could have been avoided had the municipality exercised due care before									

			terminating Pro Plan Consulting Engineers PTY (LTD)'s contract without credible legal grounds.										

QUALIFICATION POINTS: EXPENDITURE
CHALLENGES
EVIDENCE OF WORK PERFORMED
STATUS-
STATUS-
STATUS-
STATUS
TIMELINES
RESPONSIBLE PERSON
RECOMMENDATION
Failure by the municipality and/or executive authority to exercise oversight responsibility to ensure that the decision to terminate the contract between the municipality and Pro Plan Consulting Engineers PTY (LTD) was well informed by sufficient and appropriate evidence that can be tested in the court of law.
Detailed Finding
AUDIT AREA
AUDIT FINDING BY AUDITOR GENERAL
NO

6	Expenditure: Follow up of prior(CoAF 46, 48 & 49 of 2022)		During the prior year the following issues were reported to management that impacted operating expenditure as a class of transactions disclosed in the AFS and in the current year these matters are followed up to determine if internal controls regarding records keeping and safe guarding of information. 1. CoAF 46 of 2022: Limitation on RFI 36 of 2022: Contracted services 2. CoAF 48 of 2022: Limitation on RFI 38 of 2022: Repairs and maintenance 3.CoAF 49 of 2022: Limitation on RFI 39 of 2022: General expenses	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Manager Expenditure Manager Supply Chain								

8	Expenditure: Restatements not supported by evidence		Inspected note 52 to the AFS "Prior year adjustments" and confirmed that restatements regarding the repairs & maintenance, contracted services and general expenses were effected in respect of these line items, however, we could not trace these adjustments to the registers/audit evidence and or link them to the issues that was communicated to management in the previous year. Furthermore, the corrections/restatements made are not supported by evidence and as stated are not linked to the audit findings raised in the prior year and we could not determine what management has done, what controls have management put in place to correct the misstatements and address the risk in the population as a whole. No further evidence was provided in the submission of the 2022/23 financial statements that management took action to address the prior year finding. Refer to the table in CoAF 8	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Expenditure								

15	Unauthorised Expenditure - Follow up on prior year's issues		During the prior year the following issues were reported to management that impacted unauthorised expenditure as a disclosure to the AFS and in the current year these matters were followed up to determine how management had resolved the issues, We inspected note 52 to the AFS "Prior year adjustments" and confirmed that no restatements/adjustments were effected in respect of CoAF 70 of 2021 and no further evidence was provided in the submission of the 2021/22 financial statements that management took action to address the misstatement and/or limitation of the prior year. This matter is therefore raised again in the current year as it impacts the opening balance of Unauthorised expenditure and by implication also the closing balance as at 30 June 2023 as disclosed in note 55 to the financial statements	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit. Furthermore, management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Manager Expenditure								

26	Creditors reconciliation not reviewed/approved(Internal control deficiency)		Based on the audit procedures performed, it was identified and confirmed that the creditor's reconciliation for SISWA Trading and Projects, for the year 30 June 2023, was not authorised / approved by a senior financial official. Therefore, the latter results in the weaknesses in the key internal control systems of the municipality.	Management did not implement proper controls to ensure creditor's reconciliations are authorised / approved as proof of review thereof.	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Manager Expenditure								

46	Cash and Cash Equivalents - Follow up (CoAF 59, 61 & 89 of 2022		During the prior year the following issues were reported to management that impacted cash and cash equivalents reported in the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 to the AFS "Prior year adjustments" and confirmed that the disclosures regarding the amount of undrawn facilities have been effected in respect of Cash and Cash Equivalents, however, we could not trace and link the other identified adjustments to the audit findings raised in the prior year and as a result we could not determine what management has done, what controls have management put in place to correct the misstatements.	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Expenditure								

53	Expenditure - Payments not paid within 30 days.		we identified that the following transactions were not paid within 30 days of receipt of the invoices from the supplier as required by the MFMA: Refer to table in CoAf 53	We believe that the non-compliance occurred due to the cash flow constraints being experienced at the municipality which resulted in the municipality not having sufficient funds to timeously pay suppliers for goods or services received.	Management should review and monitor compliance with applicable legislation	Manager Expenditure								
60	Expenditure (PY) - Repairs and Maintenance – Misclassification.		During the audit of expenditure as a class of transactions disclosed in the financial statements, it was noted that the following transactions were incorrectly classified as repairs and maintenance instead of operating lease: Refer to CoAf 60	This was due to lack of proper review process by management to ensure that transactions are recorded in the correct accounts/votes and correctly classified.	Management should investigate the population of repairs and maintenance and lease rentals on operating lease transactions to confirm whether any further transactions were further misclassified or not.	Manager Expenditure								

62	Contracted Services - Invoices not recorded in correct accounting period.		During the audit of contracted services as a class of transactions in the notes to the financial statements, we noted that the below invoice was not recorded in the correct accounting period, it should have been recorded in the 2021/22 financial year. Therefore, this results in cut-off misstatements.	Management did not appropriately monitor that all transactions are recorded in the correct accounting period.	Management should ensure that all transactions are recorded in the correct accounting period.	Manager Expenditure								
63	Payables: Differences between AFS & Supporting schedules		When performing the audit of trade payables from exchange transactions as disclosed in note 18 to the financial statements (Payment received in advance) we noted the differences between the supporting schedule and the financial statement submitted for audit.	There is an inadequate review of the financial statements to ensure that the amounts disclosed in the notes to the AFS agree with the amounts in the general ledger, trial balance and the supporting schedules. Furthermore, management did not ensure that the amounts disclosed in	Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules.	Manager Expenditure								

				the annual financial statements were properly reconciled and supported by accurate schedules.										

66	General expenditure - Issues identified on the testing.		1. During the audit of General Expenditure we noted that there was no order or standard expenditure request attached to the payment voucher as evidence that goods and services were requested by the head of department as per the standard operating procedures of the municipality. Refer to the table on CoAF66 for the transactions 2. Inspected the order/standard expense request and confirmed that they were not approved and signed by the delegated official. Therefore, we could not find evidence that goods and services were actually requested for the benefit of the municipality. The latter results in a deficiency in the internal controls at the municipality 3.Inspected the invoice and confirmed that it was not stamped, not signed and dated as acknowledgement of the receipt of the goods/services 4. Inspected the payment voucher and identified that the remittance advices were not authorised and signed by the delegated official as prove that the payment was reviewed and authorised 5. Inspected the description of the invoice and identified that the transaction does not relate to general expenditure	• Management did not implement proper internal control processes to ensure that payments are correctly authorised by the delegated officials and to ensure that all the supporting documents are available when requested by the auditors. • This was due to lack of proper review process by management to ensure that transactions are recorded in the correct accounts/votes and correctly classified.	Management is recommended to implement the following according to the issues identified: • Sufficient and appropriate internal controls to ensure that all the supporting documents to the financial information are available when requested by the auditors. • All the supporting documents (requisitions, orders, and standard expense requests) should be	Manager Expenditure								

					authorised and approved by the delegated officials and they should be signed. • All the invoices should be signed as acknowledgement that the goods/services were received by the municipality. • The remittance advices should be reviewed and authorised by the delegated official as a proof that the payments were authorised and approved. • The classification of transactions/invoices should									

					be reviewed to ensure that they are correctly classified in the AFS.									

67	Payables: Differences between creditor's listing & supplier statements		1. During the audit of trade payables from exchange transactions as disclosed in note 18 to the AFS, we noted that the amounts recorded in the list of trade payables submitted for audit does not agree with the amounts reflected on the creditors statements and no reconciliation of these supplier accounts were done in order to explain possible reconciling item. 2. Management did not provide the statements to support the trade payables listing for the creditor's reported below and the reasons provided by management was that the amounts have been submitted to council for write-off, however, no detailed investigation has been performed in this regard and proper follows up to ensure that the creditors are paid. This results in payables listing being understated 3. Management did not provide the valid statements to support the payables listing reported and in some cases only invoices were submitted even though we requested the valid suppliers statements for the auditor's to be able to confirm the account balance owing by the municipality as at year-end. Furthermore, we could also not find audit evidence that some of the supplier's statements	There is an inadequate review of the financial statements to ensure that the amounts disclosed in the notes to the AFS agree with the amounts as per the supporting schedules and are also supported by reliable audit evidence. Furthermore, management should ensure that they perform the regular creditor's reconciliations and unreconciled differences are properly followed up and supported by adequate audit evidence.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Manager Expenditure								

			submitted belong to Nketoana Local Municipality as the auditors were limited to confirm that the statements were addressed to the municipality.											

73	Payables: Differences identified on the calculation of accrued bonus.		Based on the re-calculation of Payables from exchange transactions: Accrued bonus as at year-end, a difference was identified between the re-calculated liability and management calculation for the following employees.	These misstatements are as a result of a lack of adequate review of the calculations made to support the financial statement disclosures which result in the differences not being identified and corrected before the AFS is submitted for audit.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting	Manager Expenditure								
81	Contracted Services - Payments not authorised by the delegated official.		Through inspection of the information requested and subjected to the audit process, it was confirmed that all payments made below were not approved / authorised by either the delegated or authorised official as prescribed by the MFMA Act: (Refer to the table in CoAf81)	Management did not implement proper internal control processes to ensure that payments and documents are correctly authorised by the delegated officials.	Management should implement controls to ensure that payments are authorised by the responsible official as required by MFMA, municipal delegations of authority	Manager Expenditure								

					framework and municipality's expenditure policy.									
82	Contracted Services - Invoices not recorded in the correct accounting period.		Through inspection of the information requested and subjected to the audit process, it was confirmed that the transactions below were not recorded in the correct accounting period. The latter results in cut-off issues. (Refer to the table in CoAF 82)	Management did not appropriately monitor that all transactions are recorded in the correct accounting period.	Management should ensure that all transactions are recorded in the correct accounting period.	Manager Expenditure								

83	Repairs and Maintenance - Payments not authorised by the delegated official.		Through inspection of the information requested and subjected to the audit process, it was confirmed that all payments made below were not approved / authorised by either the delegated or authorised official as prescribed by the MFMA Act: (Refer to the table in CoAF 83)	Management did not implement proper internal control processes to ensure that payments and documents are correctly authorised by the delegated officials.	Management should implement controls to ensure that payments are authorised by the responsible official as required by MFMA, municipal delegations of authority framework and municipality's expenditure policy.	Manager Expenditure								

105	Compensation of Employees: Reconciliation between Sage and GL		The reconciliation has been obtained from management and the figures used by them was tested for accuracy and the following difference has been identified: 1) A difference of R 720 369.42 has been identified between the Munsoft GL and Sage as performed by the auditors 2) A difference of R 938 018.76 between the GL amounts used by management and the GL amounts determined and used by the auditors.	Management does not accurately reconcile its HR systems to the value of its financial systems with the information used to compile the financial statements.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager Expenditure								
106	Repairs and Maintenance - Invoices not recorded in correct accounting period.		During the audit of repairs and maintenance as a class of transactions in the notes to the financial statements, we noted that the below invoices were not recorded in the correct accounting period, it should have been recorded in the 2020-21 and 2022-23 financial years and not in the 2021-22 financial years. Therefore, this results in cut-off misstatements. (Refer to the table in CoAF 106)	Management did not appropriately monitor and review the general ledger to ensure that all transactions are recorded in the correct accounting period.	Management should ensure that all transactions are recorded in the correct accounting period.									

108	Repairs and Maintenance - Amounts recorded inclusive of VAT in the GL.		During the audit of expenditure - repairs and maintenance, it was noted that the following transactions were incorrectly recorded at amounts inclusive of VAT in the general ledger: (Refer to CoAF 108)	This was caused due to management's lack of proper review process to ensure that the transactions were correctly recorded in the general ledger exclusive of VAT.	Management should revisit the population of expenditure and ensure that all transactions are recorded at correct amounts excluding VAT. Management should also revisit the payment vouchers relating to these transactions, to ensure that the invoice amounts are correct									

116	Repairs and Maintenance - Payments not authorised by the delegated official.		Through inspection of the information requested and subjected to the audit process, it was confirmed that all payments made below were not approved / authorised by either the delegated or authorised official as prescribed by the MFMA Act: (Refer to the table in CoAF 116)	Management did not implement proper internal control processes to ensure that payments and documents are correctly authorised by the delegated officials.	Management should implement proper internal controls procedures to ensure that documents and payments are approved by the responsible officials as stipulated by the MFMA.									
118	Repairs and maintenance - Invoices not recorded in the correct accounting period.		During the audit of repairs and maintenance as a class of transactions in the notes to the financial statements, we noted that the below invoices were not recorded in the correct accounting period, it should have been recorded in the 2021-22 financial year and not in 2022-23 financial year. Therefore, this results in cut-off misstatements. (Refer to the table in CoAF 118)	Management did not appropriately monitor and review the general ledger to ensure that all transactions are recorded in the correct accounting period.	Management should monitor and review the general ledger ensure that all transactions are recorded in the correct accounting period									

119	Repairs and Maintenance – Misclassification and Incorrect Segment		During the audit of expenditure, it was noted that the following transactions were incorrectly classified as Repairs and Maintenance and thereby their segments were incorrect and not in accordance with GRAP 18: (Refer to the table in CoAF 119)	This was caused due to lack of proper review process by management to ensure that the transactions recorded were recorded in the correct accounts and correct segments.	Management should review the annual financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is accurate and fairly presented. Management should make the necessary adjustments to the annual financial statements to resolve the matter indicated . Management is required to investigate the population of									

					repairs and maintenance to confirm whether there are any further misclassification misstatements that exists within the line item.									

120	Repairs and Maintenance – Differences between invoice & GL.		During the audit of expenditure - repairs and maintenance, differences were identified between the invoice and the amount recorded in the general ledger. Refer to the table in CoAF12 for details of these transactions:	This was caused due to management's lack of proper review process to ensure that accounting transactions were correctly captured in the general ledger as per the invoice.	Management should revisit the population of expenditure and ensure that all transactions are recorded at correct amounts. Management should also revisit the payment vouchers relating to these transactions, to ensure that the invoice amounts are correct.								

137	Cash book not adjusted for reconciling items		When performing audit procedures cash and cash equivalents, we have identified certain discrepancies pertaining to the general ledger and cash book, which have yet to be adjusted for the reconciling items. These discrepancies have resulted in misalignment between the balances as reported in the general ledger and the amounts confirmed through the bank confirmations. (Refer to the table in CoAF137)	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit. Furthermore, management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should implement controls over the effective review of the annual financial statement to ensure the proper record of cash on hand.									
138	General Expenses - Payments not authorised by the delegated official.		Through inspection of the information requested and subjected to the audit process, it was confirmed that all payments made below were not approved / authorised by either the delegated or authorised official as prescribed by the MFMA Act: (Refer to the table in CoAF 138)	Management did not implement proper internal control processes to ensure that payments and documents are correctly authorised by the delegated officials.	Management should implement proper internal controls procedures to ensure that documents and payments are approved by the responsible officials as stipulated by the MFMA.									

139	General Expenses - Occurrence not confirmed		The occurrence (i.e., Confirmation / acknowledgement of receipt of goods and services rendered) could not be confirmed for the transactions outlined in the below table (Refer to CoAF 139)	Management did not take reasonable steps to monitor that all good/services received were actually received and confirmed appropriately in line with the internal standard operating procedures of the municipality (i.e. a stamp on the invoices for acknowledgment of receipt of services with signature and date).	Management should ensure that all invoices have acknowledgement of receipt stamp or provide alternative supporting documents (i.e. attendance registers, programs, etc.) as evidence that the service was actually rendered to the municipality									

141	General Expenses - Invoices not recorded in the correct accounting period.		During the audit of general expenses as a class of transactions in the notes to the financial statements, we noted that the below invoices were not recorded in the correct accounting period, it should have been recorded in the 2022-23 financial year and not in 2021-22 financial year. Therefore, this results in cut-off misstatements.	Management did not appropriately monitor and review the general ledger to ensure that all transactions are recorded in the correct accounting period.	Management should monitor and review the general ledger ensure that all transactions are recorded in the correct accounting period									
160	Payables Completeness of Trade payables: Invoices not included into the creditors listing.		The invoices for the supplier noted below that fall within the 2022-23 financial year were traced to the creditor's listing and could not be found. Furthermore, it was noted that these Invoice/supplier were still owed the latter, with the supporting documents requested it was noted that the services provided related to the 2022/23 financial year, however, this supplier could not be traced to the creditors listing. **Name**: FEZI AUDITORS & CONSULTING **EFT number**: EF004349-0034 **Amount** 600 000, 000	The misstatements occurred because management did not ensure that there are effective quality control processes in place to ensure that review of the financial statements before it is submitted for audit	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information									

2 0 1	Difference between Irregular Expenditure disclosure note and the amount per the GL.		1. During the audit of Irregular Expenditure incurred in the current year we noted the below differences between the amount disclosed in the Irregular Expenditure Disclosure note and the amount recorded on the GL. 2. There is an inconsistency identified on disclosure note 57 irregular expenditure and accounting policy 1.25 irregular expenditure. The policy indicates that the irregular expenditure is measured inclusive of VAT and disclosure note 57 indicates that the irregular expenditure is disclosed exclusive of VAT.	1. Management did not ensure that all expenditures incurred in the current year for contracts that were declared irregular in the prior years were completely recorded. 2. Management did not ensure that the narration of the irregular expenditure disclosure note is updated to be consistent with the regulations.	Management should ensure that all expenditures incurred on multi-year contracts are completely disclosed in the AFS over the term of the contract. Management should ensure that the accounting policy and the disclosure note for irregular expenditure are consistent.									

NB: CASH AND CASH EQUIVALENTS, INVESTMENTS. There was R370 000 difference when comparing the AFS to the system and this can only be solved after mapping which will only be done after the financial year end by the Consultant and Budget and Treasury Section.
INVESTMENTS: New Modules should be implemented on Investments, as they're not MSCOA compliant

CHALLENGES	QUALIFICATION POINTS: INTERNAL AUDIT & RISK MANAGEMENT
EVIDENCE OF WORK PERFORMED	
STATUS-	
STATUS-	
STATUS-	
STATUS	
TIMELINES	
RESPONSIBLE PERSON	
RECOMMENDATION	
Failure by the municipality and/or executive authority to exercise oversight responsibility to ensure that the decision to terminate the contract between the municipality and Pro Plan Consulting Engineers PTY (LTD) was well informed by sufficient and appropriate evidence that can be tested in the court of law.	
Detailed Finding	
AUDIT AREA	
AUDIT FINDING BY AUDITOR GENERAL	
NO	

40	Planning: Action plan not adequately developed and implemented	Audit Planning	We identified that management did not adequately develop and implement a complete and effective audit action plan to address the matters identified in the previous audit cycle. The following issues were identified: • Prior year audit findings were not adequately addressed in the municipalities' action plan. • The action plan does not have timeliness, does not track the progress	The weaknesses in the action plan is because of internal controls that have not been adequately established and implemented by management.	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Manager Internal Audit							

			and reflect the status thereof, no evidence of work performed and challenges encountered as it was developed. • The findings raised in the prior year audit related to commitments, statement of comparison budget and actual amounts and cash flow statement are not included in the plan.										

41	Consequence management - Disciplinary board not functional in the 2022/23 financial year		The municipality's disciplinary board was not functional in 2022/23 financial year as required in terms of regulation 4 of the Local Government: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.	Non-compliance resulted because management did not ensure that they monitor compliance with applicable laws and regulations.	Management should effectively review and monitor compliance with applicable laws and regulations.	Manager Internal Audit							

VAT

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	DETAILED FINDING	ROOT CAUSE FROM AG	RECOMMENDATION	RESPONSIBLE PERSON	RESPONSE
11	VAT: Follow up on prior (CoAF 65, CoAF 186, CoAF 187, CoAF 194)	VAT	During the prior year issues were reported to management that impacted VAT Receivables as an account balance disclosed in the AFS and in the current year these matters are followed up to determine if internal controls regarding the record keeping and safe guarding of information has been improved or not. Management should provide detail process they have followed to address these deficiencies together with substantive evidence (including journals passed) when rectifying the population.	This matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as processing of the accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Revenue	

30	Vat Receivables - Discrepancies identified between the VAT recon & GL	VAT	During the performance of VAT Receivables audit procedures as account balance disclosed in the AFS the following discrepancies was identified. (please refer to CoAf30 for the table) It was identified that the VAT 201 and the VAT Reconciliation does not agree in terms of amounts filed for Zero rated and exempt supplies and furthermore the GL was not reconciled to the VAT201 or VAT Reconciliation at month end.	The matter occurred due to lack of quality control processes and review of the VAT 201 before submission on SARS as well as processing of the accounting record. Furthermore, management did not properly develop and implement adequate action plan to ensure that VAT is accounted for correctly in the accounting records.	Management should prepare regular, accurate and complete VAT reconciliations and VAT 201 reports that are supported and evidenced by GL information.	Manager Revenue

158	VAT Receivables - GL Monthly reconciliation		When performing audit procedures on VAT Receivables as an account balance disclosed in the AFS the following discrepancies were identified: The following clearing journals were not processed in the general ledger after month end to close the VAT period and update the VAT Control accounts. (Refer to the table in CoAF 158) Furthermore, not all the payments made to SARS and set-offs from refunds were processed in the general ledger. Consequently the VAT Control account does not agree with the amount payable to SARS at year end.	The matter occurred due to lack of adequate quality control processes and review of the VAT 201 after submission on SARS as well as processing of the accounting record. Furthermore, management did not properly develop and implement adequate action plan to ensure that VAT is accounted for correctly in the accounting records.	Management should prepare regular, accurate and complete VAT reconciliations and the VAT Control account.	

186	Differences between the VAT Reconciliation and VAT 201.		During the performance of VAT Receivables audit procedures as an account balance disclosed in the AFS the following discrepancies was identified, The following differences was identified between the VAT 201 and VAT Reconciliation. (Refer to table in CoAF 186)	The matter occurred due to lack of adequate quality control processes and review of the VAT 201 after submission on SARS as well as processing of the accounting record. Furthermore, management did not properly develop and implement adequate action plan to ensure that the VAT Reconciliation is accounted for correctly in the accounting records.	Management should prepare regular, accurate and complete VAT reconciliations and VAT 201 reports.	

187	Differences between the General ledger and VAT 201.		During the performance of VAT Receivables audit procedures as an account balance disclosed in the AFS the following discrepancies was identified: The following differences was identified between the general ledger and the VAT 201. (Refer to the table in CoAF 187)	The matter occurred due to lack of adequate quality control processes and review of the VAT 201 after submission on SARS as well as processing of the accounting record. Furthermore, management did not properly develop and implement adequate action plan to ensure that VAT is accounted for correctly in the accounting records.	Management should prepare regular, accurate and complete VAT reconciliations in VAT general ledger.	
	REVENUE, EXPENDITURE AND BUDGET & TREASURY : These section have to ensure that VAT for their transactions are calculated correctly. Budget Manager and Budget Accountant are					

	busy fixing the VAT issues with MaxProf					

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	DETAILED FINDING	ROOT CAUSE FROM AG	AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
QUALIFICATION POINTS: IDP & PMS								

23	Business Process - Internal control deficiencies identified in the business process (No TIDs and SOPs)	Predetermined objectives	1. Based on inspection of the quarterly and mid-year assessment reports submitted for audit, it was determined that the Accounting Officer of the municipality as well as the internal audit unit did not sign-off the quarterly reports and mid-year performance report as proof of review or authenticity thereof. 2. There were no evidence of the confirmation of quarterly reports by the responsible managers which confirms that the reported performance information is correct and truly reflects the performance achievement reported and there was no evidence that	The weaknesses in the internal control environment of the municipality was caused by lack of oversight by management to ensure that an inclusive audit action plan is developed to address matters relating to the pre-determined objectives raised in the prior year audit.	1. Management should develop standard operating procedures for all their planned and reported performance indicators. 2. Management should develop procedure manuals for all the performance indicators for the year. 3. Management should review all their indicators and targets and ensure consistency between the targets and the indicators. 4. Management should develop clear technical indicator definitions for all the indicators	Manager IDP and Performance		

			the responsible directors reviewed the quarterly reports. Additionally, there was no evidence that the IDP manager reviewed and checked the performance reports before it was presented to Council		and targets. The technical indicator definitions should clearly include the following: a) Planning and initial recording of actual achievements b) Processing of actual performance achievements c) Reporting of actual performance achievements			

24	Business Process - Reported achievements do not agree with the supporting evidence		In respect of the reported performance in the annual report of the municipality, we noted that management reported its performance as achieved against the planned targets, however, misstatements were identified with regards to the reported achievements. The reported information on actual target achievement does not agree or reconcile to the relevant underlying records.Some of the indicators gives impression that a construction or upgrade of a project is to be done, however, the source that is indicated on	Municipality did not ensure that the supporting evidence provided agrees with the reported achievement when submitting the portfolio of evidence files for audit purposes. Furthermore, there is lack of proper guidance in terms of the information collated for validation of the reported performance information and no reviews are performed on this information to ensure that the information is complete and accurate.	Management should ensure that when reporting on quarterly basis, performance of all planned indicators and targets as indicated and all the supporting evidence agrees with the reported achievement. Management should provide the auditors with their comments on the consistency and relevance of the supporting evidence and if you do not agree should provide use with evidence in support thereof.	Manager IDP and Performance		

			the SDBIP and also included on the POE does not support what was set a target. There is therefore inconsistencies between the indicator/target and the source as included on the POE which will. This therefore results in indicators/targets not being well defined.					

27	PMS: Business Process - Internal control deficiencies identified		While obtaining the understanding of the Performance Management System business process, the following internal control deficiencies were identified: 1. Minutes of the council meeting that took place during the 2022/23 financial year were obtained and inspected and could not confirm that the approval of the mid-year performance reports by council took place prior to the 25th January 2023. 2. For the municipality's basic service delivery, performance during the first half of the financial year, some of the service delivery targets and performance indicators set in the implementation plan	This oversight of controls occurred due to the instability of the position of the Municipal Manager during the financial year under review and lack of controls to ensure that all policies and procedures applied by the municipality are timeously applied and regularly monitored.	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Manager IDP and Performance		

			was not included in the mid-year report. 3. Performance assessments for the 2022/23 were not performed for Key management personnel. The plans were prepared and signed by the respectful employees; however, the actual assessment was not performed.					

32	CoAF 32 - Policies not signed, reviewed or approved		Based on the audit work it was identified that some of the internal policies as well as the organisational structure of the municipality were not approved as evidence that they were reviewed and for authenticity thereof. The policies provided to the auditors in many instances are still reflected as a draft format.	The municipality has not sufficiently prioritised the review and establishment of its approved policies and procedures to ensure authenticity thereof before implementation.	Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Manager IDP and Performance		
33	Annual Report for the 2021/22 financial year was not issued within the legislated time frame		1. It was noted that the municipality's 2021/22 Annual Report has not been issued / presented to the council for approval and not made public. 2. Additionally, progress on resolving problems identified in the annual report could not be confirmed.	This weaknesses in the mid-year reporting occurred because of a lack of oversight by management to ensure compliance with applicable laws and regulations.	Management should in all instances review and monitor compliance with applicable laws and regulations	Manager IDP and Performance		

75	AoPO - Inconsistencies identified between the planned target and the reported target.		In respect of the municipality's reported performance indicators in the annual report, we noted the following inconsistencies: (Refer to table CoAF75	Municipality did not ensure that when reporting on quarterly basis, performance of all planned indicators and targets is consistent with the planned and target and unit of measure as per the SDBIP and all the supporting evidence agrees with the reported achievement.	Management should ensure that when reporting on quarterly basis, performance of all planned indicators and targets is consistent with the planned and target and unit of measure as per the SDBIP and all the supporting evidence agrees with the reported achievement	Manager IDP and Performance		
79	AoPO: Number of cleaning campaigns to clear illegal dumping in all units.		The following issues were identified while auditing COM 4: Number of cleaning campaigns to clear illegal dumping in all units performance indicator: (Refer to the table on CoAF 79)	Municipality did not ensure that the supporting evidence provided agrees with the reported achievement when submitting the portfolio of evidence files for audit purposes.	Management should ensure that when reporting on quarterly basis, performance of all planned indicators and targets is indicated and all the supporting evidence agrees	Manager IDP and Performance		

					with the reported achievement			

90	AoPO - Weekly refuse removal to households in formal settlements.		The following issues were identified during the testing of COM 5: Weekly refuse removal to households in formal settlements: 1. Weekly job cards indicating refuse removal for Quarter 2 (October to December 2023) for both households and business areas were not included in the POE which poses a limitation of scope for the auditor. We therefore cannot confirm whether the monthly set targets were met or not. Furthermore, for Quarter 4, refuse removal from households could not be confirmed due to the support (weekly job cards) not adequately indicating	Municipality did not review the reports to ensure that the supporting evidence provided agrees with the reported achievement when submitting the portfolio of evidence files for audit purposes.	Management should ensure that when reporting on quarterly basis, performance of all planned indicators and targets is indicated and all the supporting evidence agrees with the reported achievement.	Manager IDP and Performance		

			the household areas where the refuse collection took place. 2. In addition to the above, the following issues were also identified: 2.1. Business areas: Job cards for April 2023 indicated that the team could not collect refuse from the business area during the fist week and the last two week of April due to the truck being used by technical. 2.2. Business areas: Job cards for the last week of May 2023 as well as the last week of June 2023 was not signed by the HOD					

91	Property, plant & equipment: WIP issues identified.		1 Differences for project that are still in progress - WIP 1.1 We identified the following differences in agreeing the project name per WIP register to the supporting documents (invoice, payment certificate and reports). We used the project name as detailed in the invoice to calculate the current year's addition **(Refer to the table on CoAF91)** 1.2) Duplicating projects names in the registers 2. Court order incorrectly capitalised to the assets 3. Misclassification of the WIP projects We identified the	Management did not exercise due care in recording the working in progress capital assets and furthermore, these misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors. Lastly, management did not ensure that the amounts disclosed in the annual financial statements were properly reconciled and supported by accurate schedules.	Management should review the fixed asset register to ensure that it is accurate and property recorded as per the requirements of GRAP 17. Management should ensure that the amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules			

			following misclassification in WIP, the project name per WIP register does not agreed with the project name per invoice. This indicate that the following WIP projects have been incorrectly allocated, therefore, the latter results in misclassification misstatements. 4. Limitation of scope issues identified. We were unable to obtained sufficient appropriate audit evidence relating to the following transactions to validate the expenditure capitalised to the projects due to the reasons listed below 5. No proof that the					

			goods were received by the municipality. Upon inspecting the supporting document submitted we noted that there was no payment certificate or any other proof that the goods and services were actually received. The project manager and PMU unit normally verify the work that the supply is claiming for, and certify through signing the payment certificate to confirm that they acknowledge the receipt of goods/services, hence with the absence of the certified payment certificate the auditors cannot confirm if the following goods were actually received by municipality.					

			6. Additions disclosure differences. We have identified the following differences in work in progress, this indicate that the WIP addition disclosed in the financial statement is overstated. 7. Opening balance incorrectly disclosed We identified that the WIP opening balance for 2023 does not agree to the WIP closing balance for 2022, this indicate that the WIP carrying amount is misstated with the following differences;					

148	AoPO: Consistency issues identified on the reported actual annual output.		Based on the record of work performed on the Annual Performance Report, it could be confirmed that there was an inconsistency identified on the Actual annual output column. For all the performance indicators that fall under the development priority: Basic service delivery and development infrastructure in the APR, what is indicated on the "actual output" column is not consistent with what was achieved. For example, it was reported that there was actual annual output for the performance indicator when they were not achieved while others had	Municipality did not ensure that the massage communicated across on the reported performance indicators and targets through Annual Performance Report is clear and understandable for the users of the report and does not cause any confusion thereof.	Management should ensure that when reporting on the Annual Performance Report, there is a clear indication of what the: “Actual annual output" column is measuring (being the achieved target or not achieved) since as it is stated currently, it is not clear what is measured			

			actual outputs and were achieved. It is therefore not clear whether the "Actual Annual Output" column measures the actual achievements (based on the wording "actual output") or not.					

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	Detailed Finding with Previous Management and Auditors Responses	ROOT CAUSE FROM AG	AUDIT ACTION PLAN	RESPONSIBLE PERSON		TIMELINES
QUALIFICATION POINTS: AFS								
3	Differences identified between the TB/AFS Amount and the Supporting Schedules	Budget	When performing the high-level review of the financial statements and supporting schedules submitted for audit, we noted the differences: (Refer to the table in CoAf3)	There is an inadequate review of the financial statements to ensure that the amounts disclosed agree with the amounts in the general ledger, trial balance and the supporting schedules.	Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules.			

4	Differences identified between the AFS Amounts and the Supporting Schedules Trade and Other Payables		When performing the high-level review of the financial statements and supporting schedules submitted for audit, we noted the following differences: 1. Trade payables : Amount as per the AFS R 790 662 155,00 and Amount as per the supporting schedules R 790,888,946.87 Difference between AFS and the supporting schedule R 226,791.87 2. Unallocated deposits received: Amount as per the AFS R 1,098,558.00 and Amount as per the supporting schedules R 1,195,536.00 Difference between AFS and the supporting schedule R 96,978.00	There is an inadequate review of the financial statements to ensure that the amounts disclosed agree with the amounts in the general ledger, trial balance and the supporting schedules.	Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules.	Manager Budget and Reporting		

7	CoAF 7 - Financial statements: High level review of AFS		Based on the review performed on the annual financial statements submitted for audit for the year ended 30 June 2023, the following issues were identified: 1. Difference between financial statements and the trial balance on Munsoft system, this due to the accounting journals that were not processed on Munsoft system during preparation of the financial statements:	The cause of the differences are as a result of management not performing and providing the auditor's with the reconciliation of the general ledger, trial balance and the annual financial statements. The latter results in possible differences which may be material for the audit of the class of transactions, account balances and the disclosures to the financial statements.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

9	Presentation and disclosure issues		A)**PPE disclosure with negative amount:** When performing the high-level review of the financial statements and supporting schedules submitted for audit, we noted that there is account balance in financial statement note 13 which is disclosed as a negative amount and that is not in line with GRAP requirement. The assets are therefore understated by R5 687 327 B) **WIP differences:** Upon inspecting the financial statement note 13, we noted the differences between the working in progress disclosed in the annual financial statement note 13 (detailed WIP note) and the WIP register, there differences ;The work in progress are misstated by R763 986, 52 C) **PPE disclosure with supporting documents** The following items of property, plant and equipment as disclosed in note 13 to the financial statements are not	There is an inadequate review of the financial statements to ensure that the amounts disclosed in the financial statement agree with the amounts per supporting schedule.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. And also ensure that the amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules.			

			supported by adequate audit evidence or any supporting documentation. Furthermore, these amounts were also identified as unreconciled items in the asset register.;The asset disclosed in the financial statement are misstated by R12 736 865					

10	Property plan and Equipment		A)**Prior year uncorrected misstatement follow up;** During the prior year the following issues were reported to management that impacted property plant and equipment as account balance disclosed in the AFS and in the current year these matters are followed up to determine if internal controls regarding the preparation of the accurate and complete financial and performance reports that are supported and evidenced by reliable information. B) **Prior period error adjustment for PPE ;** We further identified that the adjustment made by the management on the property plant and equipment amounted to R1 030 663, which is the same as prior period error adjustment for PPE under the note 52, however the adjustment amount does not equal to any of the prior year unresolved findings and we are unable to	A) The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed. B) The property plant and	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

			trace this amount to the prior year findings.	equipment are misstated by R1 030 663				

12	Commitments: Discrepancies identified		During the comparison of the prior year commitment amount disclosed in the prior year AFS and the current year comparative commitment amounts, it was noted that an adjustment was made to the opening balance of commitments as a disclosure item to the financial statements. Upon inspection of the financial statements, it was identified that management did not provide the user of the financial statements any information on the reasons that necessitated the restatement, as there was no adjustment disclosed in note 52 "Prior-year adjustments:	The misstatement occurred because management did not ensure that proper quality controls are in place for the preparation and review of the commitment schedule. There is also a lack of proper record keeping in respect of the documentation in support of the commitment disclosures.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

14	Commitments - Follow up of prior year's issues		During the prior year the following issues were reported to management that impacted commitments and in the current year these matters were followed up to determine if management resolved them. Please refer to the table for unresolved issues from the prior year that are impacted by the disagreements and limitation that are imposed by the matters reported on the disclosures of Commitments.	Management did not develop and implement adequate action plan to ensure that prior year issues are properly followed up and addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			
39	Review and approval of the Annual Financial statements		During the walkthrough for provisions, it was identified that the annual financial statements for 2022/23 are not signed by the municipal manager as approval that they are correct. In addition, management could not provide sufficient evidence to support that the AFS were reviewed by the CFO and the audit committee before they were approved and issued to the auditors	The misstatement is as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	CFO		

44	Revenue - Government Grants - Follow up (CoAF 52, 71, 78 & 107)		After reviewing Note 52 in the Annual Financial Statements (AFS) "Prior Year Adjustments" and it was verified that adjustments totalling R2 432 343,00 had been made pertaining to Unspent Conditional Grants and Revenue from Government Grants and Subsidies. These adjustments were in response to audit findings identified in the prior year. However, we were unable to ascertain the actions taken by management to rectify the remaining balance of identified errors, nor could we determine the control measures implemented by management to address and correct these misstatements and link these to our prior year finding as no audit evidence was provided by management to what actions have been taken. (Refer to the table in CoAF 44)	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

45	Unspent Conditional Grants - Follow up (CoAF 132).		After reviewing Note 52 in the Annual Financial Statements (AFS) titled "Prior Year Adjustments" and it was verified that adjustments totalling R2 432 343,00 had been made pertaining to Unspent Conditional Grants and Revenue from Government Grants and Subsidies. These adjustments were in response to audit findings identified in the prior year. However, we were unable to ascertain the actions taken by management to rectify the remaining balance of identified errors, nor could we determine the control measures implemented by management to address and correct these misstatements. No further evidence was provided in the submission of the 2022/23 financial statements that management took action to address the prior year finding.	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

51	Contingent liabilities		It was identified that the case with the following details included in the contingent register for 2022/2023 was not disclosed in the annual financial statement for the year ended 30 June 2023. Name of Law Firm: Lessing & Van Jaarsveld Attorneys Inc. Parties: Makhubo // Nketoana Local Municipality Nature of dispute: CFO labour dispute with regard to recession of appointment of CFO Claim Amount: R400 000, 00	The misstatement was as a result of poor-quality control processes in the process of reviewing the financial statements and it's supporting records before submission to the auditors.	Management should implement appropriate internal controls in place to ensure that proper review of the financial statements and the supporting documentation is done before they are submitted to the auditors.			
56	Borrowings - Follow up on prior year issue		During the prior year the following issue were reported to management that impacted finance lease obligation in the AFS: Refer to table in CoAf 56	These misstatements are as a result of a lack of adequate review of the information that support the financial statement disclosures which result in the differences not being identified and	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

				corrected before the AFS is submitted for audit.				

86	Investment property: Fair value gains adjustment on Investment Property not supported.		In respect of Investment Property as disclosed in note 12 to the financial statements for the 2022/23 financial year it was identified that the following disclosure was not fairly presented by the municipality in the AFS: 1. Note 12: The valuation was performed by independent valuers, Manna Holdings Pty Ltd. "T Montani as valuator, taking into account the market analysis of the South African Property market and other considerations, concluded that the Nketoana Local Municipality property values increased by a marginal range of 1% to 3% in general and that there was insignificant growth in the property market over the past year. The Investment properties were found to have increased by 3%, which falls within the above stated range." The disclosure is a repeat of the prior year and does not appear to be updated with the	This is due to lack of review of the AFS by management to ensure that the disclosure for investment property is in line and fairly presented with the requirements of the GRAP standards and the MFMA.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Manager Revenue		

			current / latest valuation report.					

89	PPE - Immovable assets under work in progress not accurately & completely disclosed.		During the audit of Property, Plant and Equipment the following issues were noted: 1. Completed assets recorded under WIP We have identified that the following assets were completed before year end, however, they were still recorded under work in progress despite being completed. These assets are incorrectly classified under WIP as they were completed before year end. 2. PPE retention incorrectly captured. The following retention was incorrectly calculated, the management added the retention on top of the total amount of the work done. The 100% cost of the work done was paid to the supplier instead of paying 90% and withholding 10% for retention. This means no retention was withheld for the following supplier and this result in over stating the retention liability. 3. PPE	There is an inadequate review of the financial statements to ensure that the amounts disclosed in the financial statement agree with the amounts per supporting schedule and that the completed assets are taken out of WIP. Furthermore, there is lack of review of the financial statements to ensure that the WIP is accurate and complete.	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Budget		

			retention incorrectly calculated. We further noted that the following retention was incorrectly calculated 4. Project in work-in-progress (WIP) that are not disclosed in the register. We selected the following active projects in the commitment register and traced to the WIP register, however, we identified that the following assets not completed were not recorded in the WIP register. Therefore, the WIP disclosed in the AFS is understated and not complete. 5. Differences in WIP disclosure We noted the following differences between the financial statement and WIP register, this indicate that the WIP disclosed in the financial statement is not accurate.					

92	Provisions - Misstatements on presentation and disclosure Note 22.		Issue 1 The note reference (Note 22) incorrectly refers to irregular expenditure, instead of provisions. Refer to page 69 and 70 of the 2022/23 annual financial statements. Issue 2 Approximate useful lives for the landfill sites (Lindley and Reitz) were not adjusted from the prior year as the number of approximate useful lives are the same from 2021/22 financial year. In addition, the approximate useful lives do not agree to the remaining useful lives in the expert report.	These misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors.	Management is advised to prepare a thorough review of the AFS to identify instances where information has changed from prior year to the current year. Management should reconsider the disclosure and align it to the work done by the expert and should consider the amendment of the AFS			

109	Segment reporting - Discrepancies identified on the presentation and disclosure.		1. The entity did not disclose on note 63 of the financial statements the following about each reportable segment as required by the GRAP 18: •Interest expense. •Material non-cash items other than depreciation and amortisation. 2. In addition to the above, the following was not disclosed about each reportable segment: •The amounts of additions to non-current assets other than financial instruments, deferred tax assets (where applicable), post-employee benefit assets and rights arising under insurance contracts? •The municipality did not disclose the basis of accounting for any transactions between reportable segments •The municipality did not disclose the nature of any difference between the measurements of reportable	Management did not adequately develop and implement proper controls to ensure appropriate implementation of segment reporting and properly reviewed the financial statement to ensure that segment reporting is completely and accurately reported on in the financial statements.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

			segments' surplus or deficit and the entity's surplus or deficit •The municipality did not disclose the nature of any difference between the measurements of the reportable segments' assets and the entity's assets •The municipality did not disclose the nature of any difference between the measurements of the reportable segments' liabilities and the entity's liabilities •The municipality did not disclose the nature and effect of any asymmetrical allocations to reportable segments 3. The municipality did not provide a reconciliation on the following •the total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity 4. The following was not					

			disclosed for each reportable segment based on an municipality's primary reporting format: •the amount of impairment losses recognised in surplus or deficit and directly in net assets during the period; and •The amount of reversals of impairment losses recognised in surplus or deficit and directly in net assets during the period 5. The following inconsistencies were identified: •An inconsistency was noted on the 2023 disclosure which indicated "Water management" as one of the votes while in the 2022 disclosure, the votes was indicated as "Waste management" •The "total segments assets" on the note for both years does not show the whole amount (some figures are cut out during the printing process)					

110	Disclosure errors - Water Services Infrastructure Grant - Note 32		Difference was identified between the amount disclosed in note 32 to the AFS and the amount per the register, for the Water Services Infrastructure Grant. Refer to the table in CoAF 110	These misstatements are as a result of poor quality control processes in the process of reviewing the financial statements and the supporting records before submission to the auditors	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			
111	Provisions - Illegal dumping sites not licensed		Based on the inspection of the Section 19 Reports for the financial year 2022/23 it has been confirmed that there were illegal dumping sites that were removed by the municipality and we were not able to obtain the licences for those sites. Furthermore, the illegal dumping sites were not considered in the provisions calculation, the list of the illegal sites removed by the municipality are as follows as per the Section 19 Reports: (Refer to the table in CoAF111)	Management did not provide adequate reviewing and monitoring of compliance with applicable laws and regulations.	Management should implement proper and relevant internal controls in place to ensure that reviewing and monitoring of compliance with applicable laws and regulations is done. All the landfill sites should have valid licenses and be considered in the calculation of provisions.			

112	Provisions - Follow up on prior year findings (CoAF 167, 195, 221).		During the audit of the prior year the following issues were reported to management that impacted provisions as an account balance to the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 "prior year adjustments" and confirmed that there is an adjustment / restatement of R5 287 036,00 disclosed thereof, however, there is no clear indication of what management has adjusted, the basis, or any reference as well as the supporting evidence for the amount. This matter is therefore raised again in the current year as it impacts the opening balance of Provisions and thus have a continued impact on provisions in both the current and preceding financial years. (Refer to table in CoAF 112)	The misstatement continue to impact the financial statements because management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

113	Contingent liabilities - Follow up of prior year findings (CoAF 214, 164, 165).		During the audit of the prior year the following issues were reported to management that impacted "Contingencies" as a disclosure note 50 to the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected the action plan and confirmed that management did not adequately develop and implement a complete and effective audit action plan to address the matters identified in the previous audit regarding contingent liabilities. Inspected note 52 "Prior year adjustments" and confirmed that no restatements were made regarding the "Contingencies". This matter is therefore raised again in the current year as it impacts the opening balance of contingent liabilities and thus have a continued impact on contingent liabilities in both the current and preceding financial years.	The above misstatement continues to impact the financial statements because management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

			(Refer to table in CoAF 113 for unresolved issues)					

122	Government grants & subsidies - Differences between AFS and registers (Note 32).		Difference was identified between the amounts disclosed in note 32 to the AFS and the amount per grant registers. Refer to the tables in CoAF 122	These misstatements are as a result of poor-quality control processes in the process of reviewing the financial statements and the supporting records before submission to the auditors	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

125	PPE - WIP project taking significantly longer period of time to complete.		1. **Project taking longer to complete** It was identified that there is a capital project which has been in the WIP register since 2008 but is not moving at all. The site which was verified by the auditor during the physical verifications and has no contractor on site nor is any construction work done visible. No supporting documentation could be submitted by the municipality with regard to the capital project. This matter has been consistently reported over the years and continue to remain unresolved. (Please to the table refer in CoAF 125) 2. **Project not moving for the past 12 month** In addition to the above we have also identified some projects which have been in WIP register but shows no movement over a period of 12 months, there were no contractors on site. Upon inspecting the minutes and the reports we noted that	This was due to management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management shouldt prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

			there is no approved plan for the municipality to complete these projects. This affect the service deliver as upon motivation for the approval and the funding of these projects it was for the benefits of the community, however, the community of Nketoana is not benefiting now as the projects have been abandoned for the past 12 month with no contract on site.					

128	Unauthorised expenditure: Presentation issues identified.		During the testing of Unauthorised Expenditure note 55 to the financial statements, the following issues were identified: 1. **Narration of unauthorised expenditure.** We inspected the narration note 55 and identified that it was not factually correct, the unauthorised expenditure was incurred because to the overspending of the budget and the main divisions in the budget. The overspending was driven by the fact that the budget schedules as voted was not reliable and resulted in certain of the budget votes not being allocated any funding. Management's narration incorrectly indicated that the current year unauthorised expenditure mainly relates to the significant increase in impairments as a non-cash item. 2. **Breakdown of the unauthorised expenditure**.We inspected the	The misstatements occurred because the budget of the municipality is not reliable, and management did not ensure compliance to the requirements of the MFMA and its regulations when calculating the value for unauthorised expenditure.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

			breakdown of unauthorised expenditure in note 55 and identified that it indicates that unauthorised expenditure is not calculated in terms of the definition defined in section 1 of the MFMA. The breakdown was based on function instead of the votes as per section 1 and section 15 of the MFMA. Therefore, it is not the correct reflection of the unauthorised expenditure, and this might also confuse the users of the financial statements.					

134	MFMA Additional disclosures - Follow up of prior year(CoAF 174, 181 & 227 of 2022).		During the audit of the prior year there were issues that were reported to management which impacted MFMA additional disclosures in the AFS, and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 59 "Additional disclosure in terms of Municipal Finance Management Act" and confirmed that there were adjustments / restatements made in the current year as the amounts disclosed in the prior year AFS does not agree to the comparative amounts per the current year AFS. There is no clear indication of what management has adjusted, the basis, or any reference as well as the supporting evidence for the amount. (Refer to table in CoAF134)	The above misstatement continue to impact the financial statements because management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

135	Finance costs - Follow up of prior year finding (CoAF 96, CoAF 157 of 2022).		During the audit of the prior year the following issues were reported to management that impacted finance cost as a class of transactions in the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 "prior year adjustments" and confirmed that there is an adjustment / restatement of R2 194 139 disclosed thereof, however, there is no clear indication of what management has adjusted as well as the supporting evidence for the amount. This matter is therefore raised again in the current year as it impacts the finance costs comparatives. The details of the unresolved issues are as follows: (Refer to the table in CoAF 135)	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

136	MFMA Additional disclosures - Limitation of scope (Schedules not submitted).		Management did not submit the supporting documentation for the following MFMA additional disclosures as per note 59 'Additional disclosure in terms of Municipal Finance Management Act' to the AFS. Inspected the audit file submitted to the auditors by management and confirmed that there were no schedules nor any supporting evidence in respect of those MFMA additional disclosure. Schedules not submitted for the following items: 1. Material distribution losses - Water. 2. Pension and Medical Aid Deductions. 3. Councilors' arrear consumer accounts	Management did not implement sufficient internal controls in place to ensure that all the MFMA additional disclosures are supported by sufficient evidence before they are disclosed in the AFS as per the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.			

140	General Expenses - Misclassification and Incorrect Segment.		During the audit of expenditure, it was noted that the following transactions were incorrectly classified and sub-classified as general expenses and thereby their segments were incorrect and not in accordance with GRAP 18: (Refer to the CoAF 14)	This was caused due to lack of proper review process by management to ensure that the transactions recorded were recorded in the correct accounts and correct segments.	Management should enhance their review of the annual financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is accurate and fairly presented. Management should make the necessary adjustments to the annual financial statements to resolve the matter indicated.			

144	Segment Reporting: Classification, accuracy and completeness issues identified on note 63.		We compared the total amounts as disclosed on note 63 to the amount presented on the Statement of Financial Performance and the following differences were identified on note 63 of the financial statements: (Refer to the table in CoAF 144) We noted that other reconciling items amount of R7 980 336 disclosed on the AFS, Note 63 is the resulting difference between the two above amounts. This therefore brings into question the classification of the accounts as it is not clear which accounts were included under general expenses and other revenue. Further, it is not clear why the accounts we not included in the main note.	Management did not adequately develop and implement proper controls to ensure appropriate implementation of segment reporting and properly reviewed the financial statement to ensure that segment reporting is completely and accurately reported on in the financial statements.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

145	MFMA Additional disclosures - Investments as at the end of year not updated with current year figures		Based on the MFMA additional disclosures note 59 on page 95 of the 2023 AFS, it was determined that 'Investments as at the end of the financial year' is disclosed as per the MFMA requirement. However, it was noted that there was an error identified on the amount of investment as at the end of the financial year as the current year amount was the same as the amount disclosed in the prior year. The amount was not adjusted with the updated information for 2023. Refer to the table in CoAf 145)	These misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission for audit purposes.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

146	Repairs and Maintenance - Incorrect Segment.		During the audit of expenditure, it was noted that the following transactions had incorrect segments and were not in accordance with GRAP 18:(Refer to the table in CoAF 146)	This was caused due to lack of proper review process by management to ensure that the transactions recorded were recorded in the correct segments.	Management should enhance their review of the annual financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is accurate and fairly presented. Management should make the necessary adjustments to the annual financial statements to resolve the matter indicated.			

147	Receivables: Debt Impairment calculation materially misstated.		In respect of the impairment calculation for the current year under review (2023) for receivables from exchange and non-exchange transactions the below issues were identified: • Management impaired debtor accounts which had no debts owing older than 30 days, which in terms of the impairment policy presented no indicators of impairments and required no impairment testing. • Management only included receipts for June 2023 in the 12 months receipt column ultimately affecting the accuracy and completeness of future estimated cash flows. • For Group 2 and 3 debtors, management failed to consider past payment trends when estimating future cash flows, as they only took into account the last payment received. • During the assignment of risk categories, management incorrectly:	These misstatements, inconsistencies and limitations were caused by a lack of review of the schedules provided to the auditors. The above misstatement occurred as a result of poor-quality control processes to ensure that the financial statements are reviewed before they are submitted for audit purposes and that the notes to the financial statements are accurate and complete.	Management should implement proper quality review and control processes in respect of the preparation of the financial statement and has not prevented or detected and corrected the misstatements in the impairment provision for the financial assets.			

			o Categorized multiple occupier and inactive accounts as medium (Group 2) and low (Group 1) risk debtors, even though the methodology requires these debtors to be classified as high risk (Group 3) accounts. o Categorized government schools as low risk (Group 1), even though the policy prescribes that they be regarded as Group 2 debtors. • The discount rate, although aligned with the credit control policy, was not properly adjusted for the specific risk premiums as prescribed by the impairment methodology in paragraph 6.6. This was further complicated by the fact that the policy refers to two discount rates, one being the risk-free rate and the other being prime + 5%. • While estimating future cash flows, management mistakenly omitted the following, which is specifically prescribed by the impairment methodology in paragraph					

			6.8: o Accounts with no payments received in the last six (6) months were not assessed as having no expected future cash flows. o Indigent receivables were not assessed as having no expected future cash flows. o Accounts handed over were not assessed as having no expected future cash flows. o Accounts with balances only in current, thirty (30) days and/or sixty (60) days (Excluding those listed above) were not assessed as being fully recoverable. o No payments received in July 2023 after the reporting date were considered in the calculation of future cash flows and the determination of their net present values. o No consideration were given to the 30 years prescription with regards to property rates. • During the calculation of the net present value of future cash flows, management					

			incorrectly: o Used a discount rate of 116.75% (1.1675) instead of only 16.75% (0.1675). o Double-counted future cash flows on group 2 and 3 debtors, as these were already projected over three years and then assumed to be received annually for another three years. • Management incorrectly double counted past and future estimated receipts, since they allocated the same receipts to multiple service charges, instead of considering the expected cash flows on a total basis per debtors. This resulted in the same receipts being considered multiple times against different service charges instead of against the debtor as a whole. The facts as listed above results in materially misstated impairments being recognised in exchange and non-exchange debtors. The value of the errors can be					

			quantified as follows: (Refer to the table in CoAF 147)					

149	Investment Property - Misstatements on the prior year investment property closing balance.		In respect of investment property, it was identified that the following land portions was marked as vacant on the asset register, however, these properties are actually occupied with residential homes and this was confirmed through the asset verifications. It was further confirmed through RFI 112 of 2022, that these erven were selected as part of the Reconstruction and Development Programme (RDP) for the construction of homes for the residents of the municipality. Therefore, the classification of these land portions is incorrect. The auditors confirmed through the deeds search that the ownership belongs with the municipality but as the property are controlled in terms of the HS programme on construction of RDP houses these properties are held only for distribution to the ultimate beneficiary. The land should therefore be derecognised	Management did not revisit the whole population had not assessed control in terms the newly effected iGRAP 18 and GRAP 12 standards for land plots marked for RDP development. Management did not assess at each reporting date whether there were any changes in a binding agreement that could impact its assessment of the land portions taking into account newly adopted standards with the applicable GRAP	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

			and moved to inventory in terms of GRAP 12:(Refer to table in CoAF 149) Through discussions with management it was confirmed that management performed an exercise where they visited the all the locations for all the land and buildings included in the 2021/2022 IP register in order to identify any other misstatements that could be included in the prior year population for IP. The auditor performed testing on management's assertions by determining if the land that was incorrectly classified as IP in the prior year (CoAF 197) but met the definition criteria of inventory was all accounted for as inventory.					

151	Investment Property - Rights and obligations not confirmed		Contrary to the above, during the audit of investment property it was noted that the following land as per the 2022-23 investment property register as maintained by the management included land that was not in the name of the municipality thus indicating that the municipality does not have control over and is not permitted to account for it as investment property.	Management did not assess at each reporting date whether there were any changes in the ownership of land and that could impact the municipality's assessment of land as investment property.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

153	Receivables from non-exchange: Follow up on prior year (CoAF 220 of 2022).		During the prior year the following issue was reported to management that impacted receivables from non-exchange transactions as an account balance disclosed in the AFS and in the current year these matters are followed up to determine if internal controls regarding records keeping and safe guarding of information. During the current year we followed up prior year unresolved CoAF 220 of 2022, to determine if and how management resolved the issues in the current year under review. However, management should provide the detail process of how they have followed to address these deficiencies together with substantive evidence (including journals passed) when rectifying the population and investigation of the population as a whole. These finding impact the prior and current year financial statements.	These finding is a result of inadequate review processes of the receivable transactions recorded and lack of proper or detailed review of the population of debtor accounts.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

			Furthermore, inspected note 52 and identified that management effected restatements to an amount of R373 805, however, this does not link to any of the below finding and no support was provided in this regard. (Refer to the table In CoAF 153)					

154	Unauthorised expenditure - Misstatements noted with the accuracy of the amount of unauthorised expenditure disclosed in note 55 of the AFS.		The following misstatements were identified regarding the unauthorised expenditure disclosure note 55 to the financial statements: 1. We performed re-calculations by comparing the actual expenditure per the vote to the adjusted budget per the vote as per the final budget approved by the council as follows: Operational Expenditure (Refer to table in CoAF154) We then grouped each expenditure as per the Votes according to the GL description (Function DESC). Regarding the operational expenditure, the general ledger was summarised for all the expenditure transactions that took place for the 2022-23 financial year. The following differences were identified b) Capital Expenditure c) Regarding the capital expenditure, the GL was summarised for all the asset	The misstatement occurred due to management not applying the calculation of unauthorised expenditure as prescribed in MFMA circular 68 as well as in the definitions of the MFMA.	Management should implement proper budget processes that resulted in a reliable budget and did not implement internal control processes that would reliably determine the value of unauthorised expenditure.			

			acquisition transactions that took place for the 2022-23 financial year (Item DESC: Assets - Acquisitions). We then grouped each transaction as per the Votes according to the GL description (FunctionDESC It was identified that the approved adjusted budget was not aligned correctly as it had votes which were budgeted at R0. d) Based on the above mentioned cases the full extent of the finding is as follows: (Refer to the table in CoAF 154)					

156	Segment reporting: Prior year follow up on COAF 57 of 2022.		Management submitted a reconciliation prepared on segment reporting for the 2021-22 financial year, where the worksheet detailed how management calculated the amounts that were subsequently disclosed in the financial statement note (Note 63). A re-performance of the reconciliation was performed by the auditor using the mSCOA mapped TB for 2021/22 financial year. The re-calculation re-performed by the auditor was consistent with that of management. However, when tracing the amounts to the Statement of financial performance and Statement of financial position, the following differences were identified: (Refer to the table in CoAF 156)	The misstatement continue to impact the financial statements because management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

157	Misstatements identified during the receivable interest testing.		The following issues were identified with regards to interest from receivables exchange and non-exchange transactions: 1) Interest not correctly charged on consumer accounts: The following accounts were identified where no interest was charged even though they had outstanding debt owing for more than 90 days: (Refer to the table in CoAF 157) 2) Incorrect classification of interest charged on consumer accounts: Contrary to the above, discrepancies regarding classification of interest from receivables from non-exchange and exchange receivables were identified. Refer to the Annexure A below for the details of the transactions. As result, discrepancies in actual fact represented interest from non-exchange receivables, however, the	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit and incorrect interpretation of GRAP 1 & 23.	Management should implement controls over daily and monthly processing and reconciling of transactions.			

			municipality incorrectly classified these differences as interest from exchange receivables.					

159	Receivables from exchange transactions - Presentation and disclosure		1 - Presentation and disclosure misstatements Note 8 - Receivables from exchange transactions During the testing of the note to the financial statements several issues were identified as listed below: • The total for >365 days under the grand total for Summary of debtors by customer classification as per the financial statements improperly casted to R720 422 120, 00, whereas the actual re-calculated total amounts to R795 749 129, 00. • All balances disclosed under the Summary of debtors by customer classification as per the financial statements included amounts for debtors related to Non-exchange revenue: Property Rates totaling R74 363 947, 92. Please refer to "Annexure A" for the detailed breakdown. 2 - Total debtors as recognised does not agree with the detailed age analysis provided	The cause of the misstatements is lack of review of the Annual Financial Statements for 2022/23 and the schedules which support the amounts disclosed in the AFS. Furthermore, these misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors.	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Recommendation			

			to the auditors. During the testing of receivables it was noted that the total debtors as per the Munsoft Ageing does not agree to the balances as recognised in the financial statements. The total difference results in understated receivables from exchange transactions amounting to R2 493 319, 22. Please refer to "Annexure B" for the detailed breakdown.					

162	Unspent conditional grants DoRA 16(1) Non-Compliance.		In terms of DORA 16(1) the allocation referred to in Schedule 4 to 7 may only be used for the purpose stipulated in the schedule concerned. During testing it was determined that unspent conditional grants disclosed in note 21 to the financial statements had a balance of R18 647 975, 00 (2022: R10 699 715, 00). Based on the audit work done, it was determined that the balance of unspent conditional grants could not be backed up by amounts in the bank statements as at year-end. The auditors inspected the bank confirmations and all three bank accounts of the municipality have a total debit balance of RR231 245, 88. Based on the assessment above this means that the funds were not used for intended purpose as there are no funds available on the bank accounts as at year-end.	This is caused by lack of monitoring of grants spending and using funds received for grants for other expenditure which are not grant related or purposes other than what it is intended for.	Management should ensure that the balance of unspent conditional grants is backed up by cash in the bank account and should place measures in place to ensure that the grant receipt are spent towards grant related expenditure			

163	Financial Instruments MFMA Disclosures and Registers.		No supporting schedules was provided for the financial instruments disclosed in Note 60 to the AFS nor management's explanations for the categorisation of the financial instruments as well as the process followed to categorise the financial instruments as at cost, amortised cost or fair value has been provided in the current year. This places a limitation of scope on our audit process for the latter.	These misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			
164	Disclosure of Note 21 Unspent Conditional Grants		Difference was identified between the amounts disclosed in note 21 to the AFS and the amount per the grant registers. Refer to the tables on CoAF164	These misstatements are as a result of poor quality control processes in the process of reviewing the financial statements and the supporting records before submission to the auditors	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

165	Unspent conditional grants: Compliance issues identified		When performing the audit procedures for utilisation of conditional grants and subsidies, the following issues were identified which are not in compliant to GRAP and DoRA and are likely to cause material misstatements for Government grants and subsidies and Unspent conditional grants in the financial statements: • Management records the journals which recognises the Government Grants fully upon receipt of the funds from National Treasury prior to the conditions on these grants being fulfilled or met. • Management keeps the funds received from the National Treasury in the main bank account of the municipality and not a separate bank account and does not monitor and manage the spending of these funds to ensure that they are solely used for expenditure intended for the purpose of the grant or	This is due to management not performing controls over the accounting treatment of government grants and unspent conditional grants as well as the accounting implications relating to these line items.	Management should follow and properly implement the principles as contained in GRAP 23 as this is the standard which informs the accounting treatment of government grants and subsidies.			

			relating to the conditional grants.					

169	Inventory -Rights and obligations on inventory not confirmed		during the audit of inventory, it was noted that all land classified as inventory in the 2022-23 does not qualify as inventory in terms of GRAP 12 as disclosed in note 3 to the AFS. The investment property register as maintained by management included land that was not in the name of the municipality thus indicating that the municipality does not have control over and is not permitted to account for it as investment property. The inventory register does not include an LPI_Code that is used to trace the ownership land in the deed search thus limiting the auditor to obtain reasonable assurance to confirm rights and obligations on the land disclosed as inventory. The auditor performed alternative procedures to determine the ownership of the land by making use of the ERF number as included in the	Management did not prepare the inventory register in a manner that allows the auditor to assess at each reporting date whether there were any changes in the ownership of Land classified as inventory.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information			

			inventory register. However, there are multiple erf numbers appearing under the field " previous erf number " ,but the deeds search does not have a field for" previous erf number " thus limiting the auditor to use the "erf number filed "to trace the ownership of inventory. The file for "previous erf number "includes the following codes; - 105 - 202 - 104 - 302 - 402 Based on the above, the auditor was limited in performing audit procedures to obtain reasonable assurance to confirm the rights and obligations on the inventory balance of R18 430 039, as disclosed in note 3 in the annual financial statements.					

190	Incomplete Irregular Expenditure Disclosure Note.		During the prior year's audit, it was noted that the awards made to the following suppliers were irregularly awarded. The following expenditures were incurred in 2022-23 financial year and management did not disclose the transactions in the IE disclosure note 57 on the AFS: 1. Finger Attorneys R1 351 970,00 2. Pumplink R 7 620 480,00 3. Phatshoane Henney Attorneys R 356 941,00 4. JML Attorneys R 391 527,00	Management did not disclose in note 57 the irregular expenditure emanating from multi-year contracts that were declared irregular in the prior years.	Management should ensure that all expenditures incurred on the multi-year contracts are disclosed over the term of the contract. Management should assess the expenditure incurred for all multi-year contracts that were declared irregular in the prior years and disclose the irregular expenditure in note 57 to the AFS.			

193	Cash flow follow up(CoAF 202 of 2022).		Based on the inspection of the prior year cash flow statement it was identified that no work was performed by management based on the disagreement and limitation misstatements reported in the prior year. Furthermore, it was determined that similar misstatements identified in the prior year are also determined for the current year as well in terms of how management determined the cash flow statements. Therefore, the matter is raised again in the current year. In respect of the cash flow statement included in the annual financial statements we identified numerous misstatements and experienced limitations on the scope imposed on the audit that prevented us from obtaining sufficient appropriate audit evidence to confirm that the cash flow statement is fairly stated and is a reasonable representation of the cash flows of the	The misstatements above occurred due to lack of effective review of the annual financial statements to ensure the accuracy of the cash flow statement prior to submission of the AFS for audit purposes.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

			municipality for the financial year ended 30 June 2022. The misstatements and limitation related to the cash flow statement is a matter that is repeating year-on-year with management unable to prepare and support a cash flow statement that is compliant with the accounting standard, reliable and verifiable. The auditors requested management in RFI 107 of 2022 to provide us with evidence of the calculations and support for non-cash flow items. In response to our request management provided us with limited calculations that together with managements own cash flow statement workings indicate that the calculations performed by management is not appropriate and does not consider non-cash flow movements correctly. Managements supporting schedule for the cash flow statement also does not in all					

			aspects agree with the values that is disclosed in the cash flow statement included in the financial statements. Additionally, there are instances where the municipalities' records do not support the correct calculation of the individual line items in the cash flow statement. The following is a summary of the material misstatements and limitations that prevail, not all misstatements identified: (Refer to the CoAF 193)					

198	EBO - Prior year follow (CoAF 26, 204, 213 & 228).		During the prior year the following issues were reported to management that impacted Employee Benefit Obligation reported in the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 to the AFS "Prior year adjustments" and confirmed that no adjustments made in respect of employee benefit obligation, as results we could not determine what management has done and what controls have management put in place to correct the misstatements. No further evidence was provided in the submission of the 2022-23 financial statements that management took action to address the prior year finding. (Please refer to the table in CoAF198 for the unresolved issue in the prior year)	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

199	Employee Benefit Obligation - Completeness & Accuracy.		The below list of employees was included in the calculation of the employee benefit obligation, as per the actuary listings provided. However, the employees could not be traced to the list of employees for the Long Service Award that was provided by the Municipality. Please see the table on CoAF 199 2. Difference identified between number of employee that qualifies for the LSA and PEMS on the Management listing and Actuary Listing. The difference on the number of employees which qualifies for the Long service awards and Post Employment Medical Subsidy was identified from the listings prepared by the management and the Actuary listing, detailed differences are follows:	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	Detailed Finding with Previous Management and Auditors Responses	ROOT CAUSE FROM AG	AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIMELINES

QUALIFICATION POINTS: HR							

19	Employee related cost - Follow up on prior year (CoAF 82, 88, 146, 147, 158, 160)		During the prior year the following issues were reported to management that impacted remuneration of councillors reported in the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 to the AFS "Prior year adjustments" and confirmed that restatements to an amount of R 490,895 were effected in respect of remuneration of councillors, however, we could not trace and link these adjustments to the audit findings raised in the prior year and as a result we could not determine what management has done, what controls have management put in place to correct the	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Human Resource Manager Expenditure	

			misstatements. No further evidence was provided in the submission of the 2022/23 financial statements that management took action to address the prior year finding.				

34	Employee related cost- Limitation RFI 22 - Employer contributions		Information was requested from management on RFI 22 of 2023 on the 19 September 2023 and was due on the 22 September 2023. The information is outstanding with regards to the RFI issued.	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager HR	
35	Employee related cost : Limitation RFI 26 - Overtime		Information was requested from management on RFI 26 of 2023 on the 19 September 2023 and was due on the 22 September 2023. The following information is outstanding: 1.) Formulate to calculate overtime 2) Time sheets for the following employees: a. Miss TY SITHOLE_employee 239 b. Mr DM MOOI_ employee nr 363	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager HR	

			c. Mr MJ DAKILE_employee nr 677				

59	Employee Benefit Obligations: Discrepancies identified on long service awards.		In respect of the long service bonus awards we identified the following discrepancies: 1. The employees detailed below received long service bonuses more than once during the year 2023 financial year. However, according to the long service bonus and leave policy an employee who qualified for long service bonus is only entitled to a once off payment. Therefore, the latter resulted in over payment of long service bonuses to the following employees: Refer to the table on CoAf 59. 2. Employee WP156 - Ms MM Mphanya received a long service bonus, as per table above. However, the leave policy requires that employee who qualified for long service bonus is also entitled of 5 additional leave days.	The above discrepancies resulted because management did not ensure that effective controls are put in place to ensure the monitoring and recording of long service bonus & leave transactions by employees.	Management should investigate the long service bonuses and consider the recovery of the bonuses erroneously paid to employees, as well as adjustment of employee related costs which include the long service bonuses.	Manager HR	

			However, it could not be confirmed that Ms Mphanya received the 5 additional leave days with her long service bonus. After discussion with management and investigation discrepancies between the employment date on the payroll system and employment date on the calculation done by Mr Mokwena were also identified. Therefore, non-compliance to the leave policy of the municipal were identified.				

68	Performance management - Performance evaluation not done on municipal employees		Based on the audit procedures performed on human resource management, it was determined that the municipality did not monitor and evaluate the performance of municipal employee's staff for the year ended 30 June 2023. This was also confirmed through a signed management representation letter obtained from management on the 31 August 2023	Management did not put controls in place to monitor and ensure that the process of signing the performance agreements as per legislative requirements is properly implemented.	Management should review and monitor compliance with applicable laws and regulations	Manager HR	

69	Differences identified with the leave provision amount		1. In respect of the leave provision balance as at year-end we identified the following discrepancies: The employees detailed below did not take any leave days during the current year under review as per the municipalities leave provision report submitted. However, the leave policy requires that a minimum of 16 days be taken on an annual basis as the employees are 5 day week workers and failure to take the minimum required leave days is in contravention of the municipality's leave policy. 2. Discrepancies identified on the re-calculation of leave provision. Using the salary that the auditors confirmed from the payroll system as well as the auditors re-	1) The above misstatements resulted because management did not ensure that effective controls are put in place to ensure the monitoring and recording of leave transactions by employees. 2) The misstatement occurred because management did not ensure that efficient and effective controls are developed and implemented to ensure the monitoring and recording of leave transactions by employees.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting. Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager HR	

			calculated leave days, the auditor's recalculated the leave provision and identified the following impact on the value of the accrued leave				

71	Annual bonuses paid but not stipulated in the employment contract		During the performance of the "Employee cost" relating to bonuses the following discrepancies were identified, these employee received annual bonuses. In terms of their employee contracts it is not stipulated that these employees are entitled to receive an annual bonus. (Refer to the table in CoAf 71)	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager HR	
72	Discrepancies identified on employee allowances.		Through inspection of the following employee files that were submitted to the auditors in terms of our request for information relevant to employee cost, it was determined that some of the information required were not included on. Refer to the table in CoAF72	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager HR	

80	Employee cost: Discrepancies on overtime and standby allowances.		1. The standby allowances has been re-calculated and the following differences were identified: (Refer to the table on CoAF 80) 2. The following employee's standby form was not authorised: - Mr. MW Koalepe for the month of June 2023. 3. The overtime allowances was re-calculated and the following differences were identified: Employee nr: 0686 Mr SM Ngozo	Lack of review of the overtime and standby records captured to ensure the accuracy and completeness thereof.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager HR	

129	Compensation of employees - Discrepancies identified on appointments		During the performance of audit procedures on newly appointed employees the following discrepancies were identified: The position level of employees has been obtained from the organisational structure and the annual remuneration determined from the salary scale. This has been compared to the annual remuneration on the appointment letter and the annual remuneration on the Payroll system (Sage) and the following discrepancies has been identified. (Refer to the table in CoAF 129)	Lack of review of the newly appointed employee records captured to ensure the accuracy and completeness thereof.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

161	Employee cost - Completeness issues.		During the audit of completeness of employees the following discrepancies were identified: (Refer to the table in CoAF 161)	Management does not have proper internal controls in place to ensure that the payroll system and the general ledger is accurate and complete, which is used to compile the financial statements.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

184	Non-compliance issues identified on appointment of senior managers		Through inspection of the appointment report provided by the municipality the following issues were identified. 1. Municipal Manager. He has achieved a competent level during their assessment. Therefore, according to the municipal systems act together with the schedule of upper limits of total remuneration packages payable to municipal managers and managers directly accountable to municipal managers regulation 9, issued on 20 March 2022 he is entitled to be remunerated at the minimum remuneration package of R1 067 587. However, through inspection of his contract and appointment letters it has been confirmed that their remuneration	Management did not properly evaluate the minimum requirements to ensure compliance with applicable laws and regulations regarding the appointments of the MM and managers directly accountable to municipal managers.	Management should adequately review and monitor compliance with applicable laws and regulations as the requirements of proper appointment of MM and senior managers has not been complied with.		

			package is set at the mid-point remuneration package of R1 227 113. Therefore, this results in non-compliance and therefore his remuneration package is not valid. 2. Chief Financial Officer. He has achieved a competent level during their assessment. Therefore, according to the municipal systems act together with the schedule of upper limits of total remuneration packages payable to municipal managers and managers directly accountable to municipal manager's regulation 9, issued on 20 March 2022 he is entitled to be remunerated at the minimum remuneration package of R894 447, 00. However, through inspection of his contract and appointment letters				

			it has been confirmed that their remuneration package is set at the mid-point remuneration package of R1 022 226, 00. Therefore, this results in non-compliance and therefore his remuneration package is not valid. 3. Director LED, Tourism and Planning. He has achieved a basic level during his competence assessment. Therefore, according to the municipal systems act together with the Regulation on appointment and conditions of employment of senior managers Annexure A nr 6.1, issued on 17 January 2014 States that individuals falling within the basic range are deemed unsuitable for the role of senior manager, and caution				

			should be applied in promoting and appointing such persons. As M Mahamotsa has attained a basic competency level this results in his appointment not being suitable and therefore, in contravention with the municipal systems act together with the Regulation on appointment and conditions of employment of senior managers Annexure A nr 6.1				

194	Remuneration of councillors - Completeness issues.		The councillors from the IEC councilors' list dated 9 November 2021 have been compared to the councillors as per the Sage Payroll list and it has been identified that Buyisiwe Martha Makoba is missing from the Sage Payroll system which results in the system being incomplete and possible understatement of remuneration of councillors.	These misstatements are as a result of inadequate review and reconciliation processes of remuneration of councillors IEC list and Sage Payroll system	Management should implement controls over daily and monthly processing and reconciling of transactions.		

195	Remuneration of councilors - Discrepancies identified.		During the audit of remuneration of councillors, it was noted that the below councillors' remuneration paid were above the set upper limits as per the gazette. (Refer to the table in CoAF 195) NOTE: The "total earnings" was calculated by adding the basic salary and the motor vehicle allowance. The "total earnings" was then compared to the amount as per the upper limit in gazette no. 46470 of 02 June 2022. Grade 3 was used in establishing the limits as per the gazette.	The municipality did not monitor and ensure compliance with applicable laws and regulations to ensure that the remuneration of councillors is as per the upper limits as per the Government Gazzette.	Management should review and monitor compliance with applicable laws and regulations		
	HR should not include actuaries in the work of the consultants, instead issue actuaries with request for quotation.						

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	DETAILED FINDING	ROOT CAUSE	RECOMMENDATIO N	RESPONSE PERSON	TIME LINES
QUALIFICATION POINTS: BUDGET							
5	Differences between financial statement and asset register	Budget	When performing the high-level review of the financial statements and supporting schedules submitted for audit, we noted that the amount per financial statement does not agreed with the asset register.	There is an inadequate review of the financial statements to ensure that the amounts disclosed in the financial statement agree with the amounts per supporting schedule.	Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules.		

38	Property plant and equipment additions not recorded on the books	Budget	Based on the audit work performed on property, plant and equipment, the following issues were identified: A)Assets purchased but not recorded on the accounting records. We have noted the differences between the financial statements and the general ledger, upon investigation we further identified that there were assets which were recorded in the general ledger but not recorded in the asset register, refer to table 1 below. There	There is an inadequate review of the financial statements to ensure that the all the assets purchased during the year are correctly recorded.	Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules. Management should ensure that all the assets purchased during the year are recorded in the asset register.		

			were other assets which were recorded in the general ledger but they were not recorded in the financial statement, refer to table 2. (CoAF 38)				

76	Issues on valuation and depreciation of assets / useful live incorrectly applied.	Budget	1.Incorrect useful life used – non compliance 2. ncorrect useful life used – financial implication 2. Carrying amount incorrectly calculated for infrastructure assets – Carrying amount (Refer to the table on CoAF 76)	These misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors. Impact There is a non-compliance with the requirements of the MFMA and GRAP standards. Furthermore, the property plant and equipment is material misstated s disclosed in	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management should ensure that the amounts disclosed in the annual financial statements were properly reconciled and supported by accurate schedules.	Manager Budget	

				note 13 to the financial statements.			

78	Issues on the residual value estimates – PPE		Management have calculated the movable assets depreciation using the residual value, however, upon requesting the methodology and the basis used to calculate the estimated residual values, management was not able to provide the auditor's with the basis used to calculate the residual values. To determine the residual value of an asset, it should be considered that the estimated amount that the asset's owner would earn by	These misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors.	Management should develop a basis for estimate that show how they calculated the accounting estimate and this should be approved by the council. Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and supported by accurate schedules	Manager Budget	

			selling the asset (minus any costs that might be incurred during the disposal). According to the mandate of the municipality, the municipality buy assets which assists the municipality in providing service delivery to the community and there is no value that the municipality is expected to receive at the end of the useful life of the asset. In addition, we had a meeting with management on the 9th of October 2023 to gain an understanding on how the				

			estimate was determined by management. However, the explanation provided were not sufficient to address our concerns regarding the residual values estimates. Therefore, the auditors are limited to test the residual value as no basis is provided to show how the estimate was calculated and therefore, the limitations are pervasive and consequentially impact the carrying values.				

167	Comparison of the budget and actual amounts - Discrepancies identified.		In respect of the statement of comparison of the Budget and Actual amounts, the following issues were identified: 1. Difference identified between the original approved budget amounts recorded on the statement of comparison of budget and actual amounts and the amount on the actual budget(Refer to the table in CoAF 167) 2. Difference identified between the final approved budget amounts recorded on the statement of	The misstatements above occurred due to lack of effective review of the annual financial statements to ensure the accuracy of the statement of comparison of budget and actual prior to submission of the AFS for audit purposes. Furthermore, the misstatements occurred as a result of poor-quality control processes to ensure that the financial statements	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.		

			comparison of budget and actual amounts and the amount on the actual budget (Refer to table in CoAF167) 3. The cash flow statement of budget vs actual comparison was not performed.	are reviewed before they are submitted for audit purposes.			

188	Assets physical verification issues.		1.1)**PPE assets that could not be verified** The following assets could not be verified, we are therefore limited to perform the required audit procedures for the following assets. (Refer to the table in CoAF 187) **2)Investment property that could not be verified** The following assets could not be verified, we are therefore limited to perform the required audit procedures for the following assets; (Refer to the table in CoAF 187)	Upon enquire with management and per inspecting the municipality's organisation structure we noted that there is only one person within the municipality who is in charge of asset management (Accountant) and the rest of the assets team post are vacant (39% vacancy rate in finance) The municipality does not have sufficient and skilled assets team to deal	The account officer should establish the assets team that will manage the assets on a day to day basis. Once the assets team is established the municipality should create a plan to transfer skill from consultant to the assets team. Management should re-construct the whole asset register to create the reliable asset register which is supported by the reliable documents.		

			3)Inventory The following inventory asset could not be verified, we are therefore limited to perform the required audit procedures for the following assets (refer to the table in CoAF 187)	with the management of assets on a day to day basis, they place reliance only on consultant which only comes at a certain time of the year.			

196	Movable assets not depreciated / not complete.		1.**Movable assets not in use.** We identified during the verification that the following assets were disclosed by the management under the list of assets which are ready to be disposed/written off. Some of these assets are not being used (table 2 – Vehicles) and there is no action taken by the management whether to repair these assets or dispose them. The furniture and equipment is being used however the depreciation is	Upon enquiry with management and per inspecting the municipality's organisation structure we noted that there is only one person within the municipality who is in charge of asset management (Accountant) and the rest of the assets team post are vacant (39% vacancy rate in finance). The municipality does not have sufficient and skilled assets team to deal with the	The account officer should establish the assets team that will manage the assets on a day to day basis. Once the assets team is established the municipality should create a plan to transfer skill from consultant to the assets team. Management should re-construct the whole asset register to create the reliable asset register which is supported by the reliable documents.		

			not being calculated, and there is no proof that their useful life was assessed. This directly affect the service delivery as these assets were purchased with the intention of being used to provide service delivery. 2**.Movable assets not recorded on the asset register** The following assets were selected from different offices (floor) and upon tracing them back to the asset register, using the barcode it was identified that these assets	management of assets on a day to day basis, they place reliance only on consultant which only comes at a certain time of the year.			

			were not recorded in the asset register. This indicate that the asset register is not complete as there are some assets owned by the municipality which are not recorded in the register, refer to below list; **3.Inconsistencies in the asset register** We noted the discrepancies between the asset ID per FAR and the asset ID on the actual assets, this indicate that the asset register is not updated with the accurate information on a				

			regular basis. (Refer to the tables in CoAF196)				

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	Detailed Finding	ROOT CAUSE FROM AG	RECOMMENDATION	RESPONSIBLE PERSON	RESPONSE	TIME LINES
QUALIFICATION POINTS: SCM								

17	FWE Follow-up on prior on (CoAF 150 of 2022)		During the audit of the prior year the following issues were reported to management that impacted fruitless and wasteful expenditure as a disclosure to the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 to the AFS "Prior year adjustments" and confirmed that no restatements were effected in respect of CoAF 150 of 2022 and no further evidence was provided in the submission of the 2022/23 financial statements that management took action to address the prior year	management did not develop and implement an adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager SCM Manager Expenditure		

			finding. This matter is therefore raised again in the current year as it impacts the opening balance of Fruitless and Wasteful expenditure and thus have a continued impact on the disclosure of fruitless and wasteful expenditure in both the current and preceding financial years.					

21	Fruitless and wasteful expenditure : Difference between AFS and Register		Difference was identified between the amount disclosed in note 56 to the AFS and the amount per the register. 1. Amount disclosed in the financial statements R 47 056 743,00 2. Amount disclosed as per the register R 47 655 197,75 **Difference** : (598 454,75)	These misstatements are as a result of poor quality control processes in the process of reviewing the financial statements and the supporting records before submission to the auditors	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Manager SCM		
29	Deviations – Supplier's tax matters not confirmed to be in order before award.		During the testing of deviation from normal procurement process, the following issues were noted: a) Auditors extracted the CSD Compliance history report and noted that the below supplier was Tax non-compliant at the time of the deviation approval	Management did not ensure that the supplier's tax matters were confirmed to be in order before making an award. There is also a lack of proper record-keeping with respect to the supporting documentation	Management should review and monitor compliance with applicable laws and regulations as the requirements of the SCM Regulations were not complied with.	Manager SCM		

			1. Insurance (Kunene Makopo Solution)	as evidence used to confirm the supplier's tax status before the deviation was approved could not be provided.				

36	Use of consultants - Non-compliance identified.		We identified the following issues regarding the appointment of financial consultants, namely Max Prof Recovery (Pty) Ltd: • We could not obtain reasonable assurance that the municipality performed a gap analysis before appointing consultants (A Gap analysis in relation to the use of consultants to identify gaps between current available human resources and human resources required to complete a specific project); • We could not obtain reasonable assurance that management	Management did not develop and implement controls to ensure that consultants are properly managed and monitored to ensure efficient and effective use of resources.	Management should review and monitor compliance with applicable laws and regulations.	Manager SCM Manager Budget		

			implemented the consultancy reduction plan; • We could not obtain reasonable assurance that management put measures in place to monitor the transfer of skills in the project as well as assurance that skills transfer has occurred.					

47	Incorrect utilisation of the Panels		When obtaining an understanding of the SCM business processes it was noted that the Municipality has appointed the below panels for different services: • Panel of legal Advisers – appointed in July 2021 • Yellow Fleet panel – appointed in November 2022 • Panel of Engineering Consultants – appointed in April 2022 • Panel of service providers for the supply and delivery of chemicals, reagents and laboratory ware for water and wastewater treatment works – appointed in December 2022	The non-compliance identified is due to misinterpretation of the SCM regulations.	Management should formulate a panel utilization guide per panel that stipulates the criteria that will be applied when allocating work to the suppliers on the panel that ensure fair, competitive, transparent, and equitable procurement processes. In the absence of the panel utilization guide management should request quotations from all the suppliers within the panel to ensure fair, competitive, transparent, and equitable procurement processes. Management is advised to assess the whole population of the	Manager SCM		

			Through inspection of the management representation letter dated 19/07/203, it was noted that suppliers that are on the panel are selected based on the scope /nature of work and experience with regard to the project on offer. Every supplier that has been given an opportunity will not be provided with a second responsibility until all suppliers have rotated. Through inquiries, it was confirmed that the different panels do not have the utilization guide. The rotation basis referred to in the representation letter is the rotation of the allocation of work and not rotating suppliers from		work allocated to the suppliers within the panels to identify instances of non-compliance and disclose the irregular expenditure in the AFS.			

			whom quotations will be requested.					

48	Invalid reasons for Deviation		When performing a walkthrough on SCM Business process it was noted that management approved a deviation that does not meet the requirements as per the SCM Regulations Refer to the table in CoAf 48	The non-compliance identified is due to the Municipality's not properly planning for the times when there will be unable to provide water services to the community.	Management should ensure that the municipality's water trucks are maintained and kept in good condition in order to use them to provide basic services to the community. Management should ensure that a contingent plan is always in place to enable them to provide basic services to the community during load shedding. Management is advised to assess the whole population of the deviation to identify instances of similar non-compliance and disclose the irregular expenditure in the AFS.	Manager SCM		

49	Bids advertised without Local Content minimum threshold stipulated.		When performing a walkthrough on SCM Business process it was noted that management did not advertise the bid with the specific condition relating to local production and content. The following tender selected for walkthrough had the following items that meets the requirements of the local production and content **Tender:** • NKT229/2022 Upgrading of Arlington Sport facility **Applicable local content designated sectors:** • Cement • Steel products and components for construction items • Steel Conveyance	The non-compliance identified is due to misinterpretation of the local production and content requirements.	Management is advised to assess the whole population of the procurement transactions from 1 July 2022 until 15 January 2023 that have an element of local production and content to identify similar instances of non-compliance and disclose the irregular expenditure in the AFS. Since PPR 2017 has been repealed and replaced with PPR 2022 which has no reference to local production and content, management might not have to consider the requirement going forward.	Manager SCM		

			pipes Furthermore, the award was not reported to DTI as the local production and content were not considered.					

61	Expenditure - Contracted Services - Occurrence not confirmed. Audit Finding		the occurrence (i.e. confirmation / acknowledgement of receipt of goods and services rendered) could not be confirmed for the transactions outlined in the below table: (Refer to the table in CoAF 61)	Management did not take reasonable steps to monitor that all services received are confirmed appropriately (i.e. a stamp on the invoices for acknowledgment of receipt with signature and date).	Management should ensure that goods and services have been acknowledged based on the internal processes of the municipality to ensure that the goods and services provided by the municipality were actually received and acknowledged by the receiver.	Manager SCM		
84	Contracted Services - Occurrence not confirmed.		Contrary to the above requirements, the occurrence (i.e. Confirmation / acknowledgement of receipt of goods and services rendered) could not be confirmed for the transactions outlined in the below table: (Refer to the table in CoAF 84)	Management did not take reasonable steps to monitor that all services received were actually received and confirmed appropriately in line with the internal standard operating procedures of the municipality (i.e. a stamp on	Management should ensure that all invoices have acknowledgement of receipt stamp or provide alternative supporting documents (i.e. attendance registers, programs, etc.) as evidence that the service was actually rendered to the municipality.	Manager SCM		

				the invoices for acknowledgment of receipt of services with signature and date).				
88	Contracted Services - Three quotations not obtained.		It was noted that for the transactions listed below no three quotations were obtained from three different suppliers and not attached to the expenditure vouchers for the following transactions. Furthermore, no contract or any evidence was attached to justify the procurement	Management did not effectively monitor compliance with SCM regulations and also did not implement adequate oversight to ensure that the procurement processes are properly followed.	Management should review and monitor compliance with applicable laws and regulations.	Manager SCM		

			processes followed in this regard: (Refer to the table in CoAF 88)					

93	SCM Competitive Bids - Evaluation criteria used to disqualify the bidders not stipulated on the bidding documents		1.During the evaluation and adjudication process, the below-mentioned supplier was not evaluated and adjudicated due to their bid offer being 45% higher than the Engineer's estimated cost of R1 778 913,00. The disqualifying criteria used was not stipulated on the bidding documents. 2.Management used 10% of the estimated cost benchmark to determine the upper and lower limit, and bidders who were not within the determined range were immediately disqualified. The disqualifying criteria used were not stipulated on the bidding documents:	• The non-compliance identified is due to the Municipality using the evaluation criteria as part of the risk analysis, however, this criterion is used for immediate disqualification and the bidders were not made aware that they were going to be evaluated based on the benchmark of the estimated cost. • The non-compliance identified is due to management not properly reviewing the bidding documents to	• Management should ensure that the evaluation criteria used for immediate disqualification are included in the bidding documents for every tender. • Management should ensure compliance with SCM regulations to avoid incurring irregular expenditures. • Management is advised to re-assess the tenders where the criterion was applied and determine if the awards were made to the correct bidder. Where awards were made to the incorrect bidder management should disclose irregular			

			3. The following criteria which were not stipulated on the bidding documents were applied on stage 1 – tender responsiveness for tender NKT228/2022 Supply and delivery of 300 drums of SS60 Emulsions, furthermore, the CIDB grading required was not stipulated: • CIDB Compliance • Briefing Session (Refer to the table on CoAF93)	ensure that all evaluation criteria are clearly stipulated on the bidding documents	expenditure in the notes to the financial statements.			

94	SCM Competitive Bids - Outstanding documents from the tender packs not submitted for audit.		During the audit of competitive bids, the auditors could not re-perform some evaluations for the below suppliers due to outstanding documents required for the evaluations not provided for audit purposes: (Refer to table in CoAF94)	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support the compliance reporting.	Manager SCM		
95	SCM Competitive Bids - Inconsistencies of the required CIDB grading on the bid advert and bidding documents		During the SCM audit, we noted that the CIDB grading for the construction work stipulated in the advertisement is different from the CIDB grading stipulated in the bidding documents. (Refer to the table in CoAF 95)	Management did not properly review the tender documents before they are published to ensure consistency of information between the advert and the bidding documents.	• Management should ensure that the CIDB grading required is correctly stipulated on the bid advert and the bidding documents. • Management should communicate the errors to the prospective bidders before the closing date of the bid. • Management	Manager SCM		

					should ensure that the bidders are correctly evaluated on the CIDB grading.			

96	SCM Competitive Bids - Functionality criteria not clearly defined.		During the testing of the competitive bidding, we noted that the functionality criteria stipulated on the bidding documents for tender NKT233/2022 Reitz/Petsana resealing of 2km Tar Roads (B) and NKT231/2022 Mamafubedu resealing of 2.1KM Tar Roads (B) were not clearly defined and also were different from the criteria applied by the BEC on the BEC evaluation report. Furthermore, the auditors were unable to re-perform the evaluation process due to inconsistencies: • Bidding Documents -	Management did not properly review the tender documents to ensure that the functionality criteria were clearly defined.	• Management should ensure that the functionality criteria, sub-criterion, and allocated points are clearly stipulated on the bidding documents and are consistent with the criteria applied during the evaluation and adjudication process. • Management is advised to disclose an irregular expenditure.	Manager SCM		

			Functionality criteria • Evaluation Report Documents - Functionality Criteria (Refer to the table in CoAF96)					

97	SCM Competitive Bids - Differences identified on the evaluation outcome.		1. During the audit of the competitive bids, the below differences were noted between the BEC/BAC evaluation outcome and the auditor's re-performed outcomes. Some of the bidders were incorrectly disqualified and some were incorrectly qualified: (Refer to the table in CoAf 97)	The evaluation process was not properly conducted by the BEC and BAC	• Management should ensure that bidders are fairly evaluated based on the stipulated evaluation criteria. • Management should re-assess the evaluation process of the mentioned tenders and where an award was made to the incorrect bidder management should disclose the irregular expenditure	Manager SCM		

98	SCM Competitive Bids - Suppliers within the Panel bidding with the similar documents.		During the audit of tender NKT238/2022 Appointment of a panel of 3 service providers for the supply and delivery of chemicals (Flocculent), reagent and laboratory ware for water and wastewater treatment works for a period of 3 Years, we noted the following issues: • All three suppliers appointed in the panel have submitted a support letter together with supporting evidence of NCP Chlorchem as the supplier who will provide support to the panellists (technical support, transportation, etc.)in order for them to be able to render the required services at the	• Management did not ensure that bidder's documents were thoroughly reviewed to prevent abuse of SCM system by the suppliers. • Management did not review the bidding documents to ensure that all evaluation criteria are clearly defined	• Management should ensure that a panel appointed within the municipality promotes ongoing competition amongst the suppliers. • Management should ensure that bidders are fairly evaluated based on the stipulated evaluation criteria. • Management is advised to disclose an irregular expenditure in the note 57 to the financial statements.	Manager SCM		

			municipality • There is an evaluation criterion applied on functionality allocated 5 points however the criterion is not defined • Motuma Technologies submitted support letter from Mausan Water Treatments Solutions as part of their bidding documents and both suppliers are appointed in the same panel					

99	SCM Quotations - At least three quotations were not obtained and approved reasons were not provided.		During the audit of quotations, we noted that less than three quotations were obtained from the prospective suppliers for the below mentioned RFQs and there were no approved reasons for not obtaining at least three written quotations: 1. RFQ 2185/2023 Supply and Delivery of the Tools • MAAA0233547: Imrah Trading - R44 022 • MAAA1066594: Nqobistar General Trading - R43 200 2. RFQ 2181/2023 Test and locate faults on LV underground cables in Reitz • MAAA0529953: Tjamoza Thading – R	Management did not monitor and ensure compliance with the requirements of the SCM Regulations to ensure that at least three quotations are obtained from three different suppliers.	Management should ensure that at least three written quotations are obtained during the quotation processes and that reasons are approved by the delegated person where it is not possible to obtain at least three written quotations.			

			(Quotation pack outstanding) • MAAA0017871: Melody Hills Trading -R57 500 3. RFQ 2186/2023 Hiring a septic truck (Honey Sucker) for emptying VIP Toilets in Leratswana Area • MAAA1299496: Alisababa Construction - R192 000 • MAAA0160821: Njunga Construction - R168 360					

100	SCM Quotations - Award made to a tax non-compliant supplier		During the audit of quotations, we noted that the below award was made to the supplier who was not tax complaint at the time of an award. 1.**RFQ 2162/2023** Servicing of Reitz main substation. **Supplier**: MAAA0082457: CTA Trading - R186 299.99 **Tax Compliant Status:** 02/02/2023 – 30/06/2023 Non-Compliant Tax status	Management did not ensure that the supplier's tax matters were confirmed to be in order before making an award.	• Management should properly review and monitor compliance with SCM Regulations to ensure that every supplier's tax matters are confirmed to be in order before making any award. • Management is advised to disclose the irregular expenditures identified in note 57 to the financial statements.	Manager SCM		
101	SCM Quotations - Outstanding quotation pack		During the audit of quotations, we noted that the quotation documents obtained from the below supplier were not submitted for audit purposes: 1. RFQ 2181/2023 Test and locate faults on LV underground cables	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time	Management must ensure that information required for audit purposes is readily available and that information is submitted within the time frames as agreed upon in the engagement letter.	Manager SCM		

			in Reitz **Supplier:** Tjamoza Trading	frame as stipulated in the engagement letter.				
102	SCM Quotations - MBD4 submitted is not related to the transaction selected for audit.		During the audit of quotations, we noted that the MBD4 attached to the quotation pack was signed by the supplier after the date of an award. 1. RFQ 2040/2022 Supply & Delivery of U3500 Flocculent 9 tons **Supplier:** Mausan Water Treatment **Award date**: 02/08/2022 **MBD4**: 28/09/2022	Management attached the MDB4 that the supplier submitted when bidding for a different RFQ number (RFQ 2084/2022 Supply & Delivery of U3500 Flocculent 9tons).	Management should ensure that bidders are declaring any conflict of interest they may have in the transaction for which the quotation is submitted.	Manager SCM		

104	Expenditure (PY) - Repairs and maintenance - Occurrence not confirmed		The occurrence (i.e. Confirmation / acknowledgement of receipt of goods and services rendered) could not be confirmed for the transactions outlined in the table: (Refer to the table in CoAF104)	Management did not take reasonable steps to monitor that all services received were actually received and confirmed appropriately in line with the internal standard operating procedures of the municipality (i.e. a stamp on the invoices for acknowledgment of receipt of goods and services with signature and date).	Management should ensure that all invoices have acknowledgement of receipt stamp or provide alternative supporting documents (i.e. attendance registers, programs, etc.) as evidence that the service was actually rendered to the municipality.			

107	Repairs and maintenance - Three quotations not obtained		It was noted that for the transactions listed below no three quotations were obtained from three different suppliers and not attached to the expenditure vouchers for the following transactions. Furthermore, no contract or any evidence was attached to justify the procurement processes followed in this regard: (Refer to the table in CoAf107)	Management did not effectively monitor compliance with SCM regulations and also did not implement adequate oversight to ensure that the procurement processes are properly followed.	Management should review and monitor compliance with applicable laws and regulations.	Manager SCM		

117	Repairs and Maintenance - Occurrence not confirmed		The occurrence (i.e., Confirmation / acknowledgement of receipt of goods and services rendered) could not be confirmed for the transactions outlined in the below table: (Refer to the table in CoAF 117)	Management did not take reasonable steps to monitor that all good/services received were actually received and confirmed appropriately in line with the internal standard operating procedures of the municipality (i.e. a stamp on the invoices for acknowledgment of receipt of services with signature and date).	Management should ensure that all invoices have acknowledgement of receipt stamp or provide alternative supporting documents (i.e. attendance registers, programs, etc.) as evidence that the service was actually rendered to the municipality	Manager SCM		

121	Repairs and maintenance - Three quotations not obtained		It was noted that for the transactions listed below no three quotations were obtained from three different suppliers and not attached to the expenditure vouchers for the following transactions. Furthermore, no contract or any evidence was attached to justify the procurement processes followed in this regard: (Refer to the table in CoAF 121)	Management did not effectively monitor compliance with SCM regulations and also did not implement adequate oversight to ensure that the procurement processes are properly followed.	Management should review and monitor compliance with applicable laws and regulations.	Manager SCM		

126	SCM Competitive Bids - Contract awarded to bidder who does not meet the minimum CIDB Requirement		During the SCM audit, we noted that the minimum CIDB grading required was 5CEPE and the supplier's grading in a Joint Venture is 5CE. The supplier was not disqualified for not meeting the required grading whereas other suppliers were disqualified for having a 5CE grading. Furthermore, the mentioned supplier was awarded the contract without meeting the contract minimum requirements and therefore, this results in an irregular award for the following supplier: **Tende**r: NKT240/2022 Construction of 3ML	Management did not properly evaluate the tender based on the minimum requirements to ensure compliance with applicable laws and regulations.	Management should ensure that the bidders are consistently evaluated and bidders who do not meet the minimum requirements are disqualified. Management should disclose the Irregular Expenditure in note 57 to the financial statements.			

			concrete reservoir in Arlington Phase 10 **Supplier** : Little Rocky JV Baleleri Ba Africa **CIDB**: 5CE **Minimum Required CIDB Grading**: 5 CEPE or Higher					

127	SCM - Non-compliance with CIDB Requirements.		During the SCM audit, we noted that an award was made to the supplier who does not meet the required minimum CIDB grading: (Refer to the table in CoAF 127) 2. The following quotations relating to constructions were issued without requesting a minimum CIDB grading, and suppliers were not evaluated according to the CIDB requirements for construction works: (Refer to CoAF 127)	Management did not properly evaluate the tender based on the minimum requirements to ensure compliance with applicable laws and regulations.	Management should ensure that all bids relating to construction works are issued in accordance with the CIDB requirements and that bidders awarded the contract meet the minimum CIDB grading. Management should assess all the procurement transactions relating to construction works and confirm that there was compliance with CIDB requirements, where non-compliance is identified management should assess the irregular expenditure incurred.			

					Management should disclose the Irregular expenditure in note 57 to the financial statements.			

130	SCM - Non-Compliance with PPR 2017 and PPR 2022.		1.There was a difference noted between the preference points calculated by management and points re-calculated by auditors for the following quotation transactions: (Refer to the table in CoAF 130) 2. The below suppliers who responded to the quotation request were evaluated based on the quoted amount exclusive of VAT which resulted in the differences mentioned in the above table: (Refer to the table in CoAF130)	Management did not correctly apply the PPR principles and ensure compliance with applicable laws and regulations.	• Management should evaluate quotations using amounts inclusive of VAT as per the PPR 2017 & 2022. • Management should ensure that the B-BBEE points are correctly allocated. • Management should ensure that the calculated preference points are rounded off to the nearest two decimal places. • Management should disclose the irregular expenditure incurred in note 57 to the financial			

131	SCM - MBD08 not submitted.		1. During the SCM audit, we noted that the winning bidder did not declare past SCM practices. At Nketoana Municipality the accounting officer utilises the MBD08 (Declaration of Bidder's past supply chain management practices) as part of the measures for the combating of abuse of the SCM system. The following bidder who was awarded the tender did not provide the MBD8 declaration: **Tender**: NKT227/2022 Electrification of Ntha infill Households **Supplier**: Sekankoe Engineering **Amount**: R649 742,00	Management did not include MBD08 as part of the returnable documents when requesting bidders to bid to ensure compliance with applicable laws and regulations.	The following is recommended to management. • Management should ensure that all the tender documents include the MBD08 declaration form to enable bidders to declare their past supply chain management practices. • Management should disclose the irregular expenditure in note 57 to the financial statements.			

132	SCM - Non-compliance with Local Content Requirements		During the SCM audit, we noted that the following procurement transactions had items that meet the requirements of the local production and content, however, management did not stipulate on the bidding documents the minimum threshold for local production and content applicable. Furthermore, bidders did not provide the declaration of local production and content when responding to the bid advert: (Refer to table in CoAF 132)	Management did not apply the requirement for local content when advertising the bids to ensure compliance with SCM regulations.	Management should investigate and quantify the items that meet the requirements of the local production and content and disclose the irregular expenditure in note 57 to the AFS.			

142	General Expenses - Three quotations not obtained		It was noted that for the transactions listed below no three quotations were obtained from three different suppliers and not attached to the expenditure vouchers for the following transactions. Furthermore, no contract or any evidence was attached to justify the procurement processes followed in this regard: Refer to the table in CoAF142	Management did not effectively monitor compliance with SCM regulations and also did not implement adequate oversight to ensure that the procurement processes are properly followed.	Management should review and monitor compliance with applicable laws and regulations.			
143	General Expenses - VAT Vendor Not Confirmed		During the audit of general expenses, the following supplier's VAT Vendor status could not be confirmed as per SARS VAT Vendor search: (Refer to the table in CoAF 143)	Management did not maintain proper internal controls to ensure that the supplier's VAT Vendor status was confirmed before payment of the amount	Management should confirm the VAT vendor status of each supplier, before paying the amount VAT inclusive as per the invoice.			

				inclusive of VAT as per invoice.				

152	SCM - Contract Management - Performance monitoring reports not submitted for audit.		During the audit of contract management, we noted the following issues: 1. Kutlo Construction - NKT229/2022 Upgrading of Arlington/Leratswana Sports Facility o Only one progress report for the period of 20 May- 20 June 2023 was submitted. The reports for other months were not submitted for audit. The project commenced on 09/01/2023. 2. Pro-Plan Consulting Engineers - Planning, design and construction monitoring of the RBIG projects from inception to completion o We requested	Management did not submit the complete information requested for audit purposes.	Management should ensure that the contracts for all service providers appointed by the Municipality are being monitored monthly and that there is documented evidence of performance monitoring. The Municipality must formulate a standard operating procedure indicating how contracts for different services will be monitored monthly.			

			performance monitoring reports for Pro-plan on RFI 62 and management provided monthly progress reports prepared by Pro-plan Consulting Engineers for the regional bulk water scheme projects. It is not clear how the municipality monitored the performance of Pro-plan as the consultant. Through the inspection of the contract agreement between Pro-plan and the Municipality, there is no clause for performance monitoring.					

168	SCM Quotations - At least three quotations were not obtained and approved reasons were not provided & MBD4 not provided.		During the audit of Quotation we noted the following issues: • Less than three quotations were obtained from the prospective suppliers for the below mentioned transaction and there was no approved reasons for not obtaining at least three written quotations: • MBD04 was not submitted. **Supplier** : Ponoane Attorneys **Amount** : R 95 510,00	Management is utilising the panels incorrectly and there are no documented utilisation guidelines are followed to ensure compliance with SCM Regulations.	• Management should ensure that at least the required number of quotations are obtained from the panel. • Management should ensure that bidders are declaring any conflict of interest they may have in the transaction for which the quotation is submitted. • Management should assess the expenditure incurred for the panels and disclose in note 57 the irregular expenditure on the AFS.			

171	SCM - Cancelled Tenders not published in the same manner in which the tender invitation was advertised		During the completeness assessment of the Tender register we noted that the bidding documents for the following tender invitations that were published on EFF Issue newspaper were not provided. This was due to the tenders being cancelled before awarding, however, the cancellation was not published where the tender invitation was originally published (in the newspaper): 1. NKT 230/2022: Supply of diesel and petrol to Nketoana Local Municipality storage facilities, fuel pumps and management system.	Management did not apply PPR regulation 13 correctly to ensure that the SCM Regulations are properly adhered to.	Management should ensure that the municipality complies with all SCM prescripts relating to procurement and contract management.			

			2. NTK 232/2022: Security Company. 3. NTK 234/2022: Sale of residential Erven. 4. NKT 241/2022: Appointment of a panel of 3 service providers for repairs, maintenance, refurbishment, electrical motors and electrical panels and upgrading of water and sanitation infrastructure for a period of 3 years					

185	Reasonable steps not taken to prevent UIFW.		The occurrence of UIFW expenditure has been continuing for a number of financial years. The latter is an indication that management has not taken reasonable steps to prevent unauthorised, irregular and fruitless & wasteful expenditure and indicates also a lack of effective consequence management to hold officials accountable. Additionally, based on the inspection of the adjustment budget, it was confirmed that the unauthorised expenditure was not authorised through an adjustment budget it terms of Section 32(2)(a)(i) of the MFMA.	The finding occurred due to inadequate planning and monitoring of the applicable laws and regulations over the expenditure monitoring and management of the municipality.	Management should review and monitor compliance with applicable laws and regulations			

189	CIDB Grading requested is lower than the CIDB grading applicable for the Budgetted Tender Value.		During the audit of CIDB compliance we noted that the following issues: - The CIDB grading required as per the tender advert was not within the tender value range of grading 1CE as per the Government Gazette notice 357 of 2019 - The Supplier's tender offer was more than 15% of the maximum tender value for CIDB grading 1CE **Tender:** NKT231/2022 Resealing of Mamafubedu 2.1km Tar Roads (A) **Supplier**: Tumz Shwanki Construction **CIDB Grading:** 1 CE **Maximum Grading Tender Value** : 500 000	Management did not correctly apply the requirements of the CIDB regulations to ensure compliance with applicable laws and regulations.	Management should ensure that the CIDB grading required when requesting suppliers to bid are correctly applied and within the tender value range as per the CIDB Regulations. Management should disclose the Irregular expenditure in note 57 to the AFS.			

			Tender Offer: 656 853.00 **Margin**: 31.4%					

COMM No	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	Detailed Finding	ROOT CAUSE FROM AG	RECOMMENDATIO N	RESPONSIBL E PERSON	TIME LINES

QUALIFICATION POINTS: LIMITATIONS							
1	**Limitation of scope on RFI 02 of 2023**	Audit Planning	Information was requested from management on RFI 02 of 2023 on the 18 July 2023. Information was only partially provided to the auditors. The following information remain outstanding as it was not submitted for audit purposes: 1. General • Investigation reports (i.e UIFW, HAWKS, SAPS etc) (if any were performed for the 2022/23 financial year) 2. Pre-determined Objectives/Performance Information • 2022/23 Technical Indicator Description or Standard Operating Procedures.	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

2	**Limitation of scope for supporting schedule not submitted**		the following supporting documents were not submitted for audit; A. Lease register on operating lease B. Inventory register for Unsold Properties Held for Resale C. Consumer deposit listing D. Payables - Payment received in advance listing E. Payables - Salary Control Account F. Supporting schedules for annual performance review G. Draft annual report H. Other statutory receivables	Management did not ensure that information that is required for auditing purposes is readily available.	Management must ensure that information required for audit purposes is readily available and that information is submitted within the time frames as agreed upon in the engagement letter.	Director Corporate Service Manager Revenue	

16	**Trade Payables: Limitation of scope on RFI 05 of 2023**		Information was requested from management on RFI 05 of 2023 on the 13 September 2023 and was due on the 18 September 2023. Information was only partially provided to the auditors. The following information remain outstanding as it was not submitted for audit purposes:	The lack of information is due to management not responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager Expenditure	
28	Investment property: Limitation of scope on RFI 10 of 2023		Information was requested from management on RFI 10 of 2023 on the 19 September 2023 and was due on the 21 September 2023. No information has been received to date; therefore, the information for items as detailed in Annexure A of the RFI is still outstanding and has not been received.	The lack of information is due to management not responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Manager	

52	Investment property: Limitation of scope on RFI 46		Information was requested from management in RFI 46 of 2023 on the 29 September 2023 and was due on the 04 October 2023. Some of the information per the RFI was submitted, however, the following was not submitted by the due date: • The agreement (contract) of the Independent valuer which details the scope of work. • Close-up reports.	The lack of information is due to management not responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

115	Related parties: Limitation on RFI 61 of 2023.		Information was requested from management on RFI 61 of 2023 on the 18 October 2023 and was due on the 23 October 2023. The following information is outstanding: 1) Regarding the declarations requested the following are still outstanding for councillors. 1. Makhoba B.M. 2. Blignaut M 3. Bosman ML 4. P. Mavundla 5. T. Maseko Declarations in terms of section 56 and 57 Managers is also still outstanding. 2) The signed representation letter confirming the completeness for the related parties disclosed in note 51 to	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.		

			the current year AFS is also outstanding.				

123	Provisions -Limitation of scope - Journal supporting evidence not submitted.		Management could not provide sufficient supporting evidence as requested by the auditors on RFI 64 of 2023 in relation to provision journal that was processed in 2022/23. We were not able to confirm the validity of the journal as the information submitted was not sufficient and appropriate and the auditors could not obtain any reasonable assurance thereof. The matter places a limitation of scope on the audit process for Provisions. Refer to the details of the journals in CoAF 123:	Management did not ensure that the provisions journal processed was supported by sufficient appropriate evidence before it was processed.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

124	Limitation of scope for RFI 65 of 2023 - Conditional Grants		Information was requested from management on RFI 65 of 2023 on the 23 October 2023 and was due on the 26 October 2023. The following information was not submitted for the audit, we are therefore unable to perform required audit procedures for grants 1. The latest MOU / Agreements between the Municipality and the Grantor (e.g. DWS etc). Received during the current year under review. • INEP - Schedule 6B – R13 301 000, Please provide the expenditure report submitted to Treasury on the spending of the grants. • RBIG - Schedule 6B – R236 473 000, Please provide the	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

			expenditure report submitted to Treasury on the spending of the grants 2. Municipal Infrastructure Grant (MIG). • Report on expenditure allocated to the selected projects confirming that expenditure was actually incurred for purposes of the MIG (grant was spent for intended purposes). • Within two months after the end of the financial year (30 June 2023) the municipality evaluated its performance in respect of programmes funded/ partially funded by the MIG.(Report) 3. Regional Bulk Infrastructure Grant (RBIG). • Report on expenditure allocated				

			to the selected project was actually incurred for purposes of the RBIG (grant was spent for intended purposes). • Within two months after the end of the financial year the municipality evaluated its performance in respect of programmes or functions funded by the RBIG.(Report) • Water Services Infrastructure Grant (WSIG). • Report on expenditure allocated to the selected project was actually incurred for purposes of the WSIG (the grant was spent for intended purposes). Within two months after the end of the financial year the municipality				

			evaluated its performance in respect of programmes or functions funded by the WSIG.				

133	Contingent liabilities - Limitation on external confirmations from legal attorneys.		On the 03 October 2023, the request for legal confirmation were sent by the auditor's to the municipality's attorneys, a follow up was done by the auditors on the 06 October 2023 when information was not received, however, no response was received. To date no external confirmations were received for audit purposes. This places a limitation of scope on the audit of contingent liabilities as disclosed in the AFS. Refer to the table in CoAF 133)	It should be noted that in terms of the engagement letter and the audit strategy it is management responsibility to ensure that the auditors have access to all the information relating to the financial affairs of the municipality and the municipality should also ensure effective communication with external third parties to ensure that the auditors are provided with this information for audit purposes. Furthermore, the latter is also supported by the fact that management provided the auditors with	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

				authorisation to effectively communicate with the external legal representatives of the municipality to obtain this information.			

150	PPE - Limitation on impairment & remaining useful life of assets.		1. Estimation of the remaining useful life Based on the methodology of the municipality, each asset is assigned a condition and utilization grading that will be used to determine the remaining useful life of the asset. However, management did not assign the condition and utilization grade to the assets listed below and thus it is creating a limitation in determining the remaining useful life of the asset in terms of the asset methodology, therefore, we are unable to re-calculate the depreciation and/ impairment of the following assets. A similar finding was also raised in prior	Upon enquiry with management and per inspecting the municipality's organisation structure we noted that there is only one person within the municipality who is in charge of asset management (Accountant) and the rest of the assets team post are vacant (39% vacancy rate in finance).Furthermore, the municipality does not have sufficient and skilled assets team to deal with the management of assets on a day to day basis, they place reliance only on consultants which only comes at a certain time of the year. Therefore, the key controls are not	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting		

			year (ISS.249), and upon performing a follow up, management indicated that they revised the whole population to resolve this matter, however, the auditors are still identifying similar issues in the current year under review. 2. Impairment incorrectly calculated According to paragraph 43 of GRAP 21, for depreciated replacement cost approach, 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. We identified that in the impairment calculation the management did not	performed on a regular basis to ensure the accuracy, completeness and GRAP standard compliant FAR maintained. The impact of the above is the following: • We are unable to confirm the accuracy, completeness and occurrence of the impairment as disclosed in the financial statement amount to R21 311 679 due to limitation placed on the inputs used to calculate the impairment loss. • The asset value disclosed in the financial statement is also material misstatement due to the impairment			

			depreciate the replacement cost to reflect the asset in its used condition, however, management used the gross service potential as if the asset is new and this resulted in the incorrect calculation of impairment loss. We are therefore unable to confirm the accuracy and occurrence of the impairment loss disclosed on the financial statement as the GRAP standard was incorrectly applied. 3. Assets with negative balance. Upon inspecting the fixed assets register we have identified that there were assets with negative carrying value as at 30 June 2023. This indicate	issues raised above and we are unable to quantify the amount at this point. • There is a no-compliance with GRAP standard identified as the impairment assessment and useful life review was adequately done.			

			that the management did not assess all the municipality's assets for impairment, in addition to that the asset carrying amount disclosed in the financial statement is not accurately valued as it include these negative carrying values. Example of the negative amount identified; 4. Asset valuation issues identified We have identified based on inspecting the asset register that there were assets with zero carrying amount and negative carrying amount as at year end. These are indication that the municipality did not perform the impairment assessment for all the assets, non-compliance with				

			GRAP standard thereof. Refer to summary below;				

166	Trade payables limitation of scope prior year adjustment journal.		During the audit of trade payables it was noted that a restatement was done by management and this was also confirmed through inspection of note 52 "prior year adjustments" to an amount of R28 592 312, 00 and management only provided the auditors with the journals that were passed to process the amount, however, we were not provided with the source documents/supportin g evidence that made up the R28 592 312, 00. Therefore, no sufficient audit evidence to confirm the valuation, existence, classification, rights and obligation of the restatement done by	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

			management. The latter places a limitation of scope on the audit process for payables as an account balance disclosed in the AFS.				

172	Commitments: Limitation of scope on RFI 69.		Information in respect of commitments was requested from management in RFI 69 of 2023 on 27 October 2023 and was due on 01 November 2023. Management submitted only some of the information that was requested with the following remaining outstanding: 1. Signed contracts for the below committed projects as referenced in the RFI with the applicable sample number were not provided by management. (Refer to the table in CoAF 172) The inability of management to provide the auditors with the signed contracts/SLA imposed a scope limitation to the	The lack of information is due to management not adequately responding to the requests for information issued by the auditor general within the legislated time frame as stipulated in the engagement letter.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.		

			auditor to determine the commitments figures as at 30 June 2023.				

174	Limitation on going concern note 53.		The following issues were identified regarding the concern as disclosed in the notes to the financial statements: 1. Inspected the audit file submitted with the audit on the 31 March 2023 and confirmed that management did not provide the auditors with the detail audit evidence that supports the assessment of the going concern as disclosed in the note 53 to the annual financial statements. The latter places a limitation of scope regarding the going concern note 53 at the municipality as no detailed information was provided for audit purposes. That includes amongst others the following:	Management did not provide adequate reviewing and monitoring of compliance with applicable laws and regulations. Furthermore, the expert report was not properly reviewed for the reasonability of assumptions used in the calculation for provisions.	Management should review and monitor compliance with applicable laws and regulations.		

			• Projected 12 month cash flow forecast. • Approved budget for the 2024 financial period. • Going concern assessment and evaluation 30 June 2023. • Funding plan if applicable etc.				

NO	AUDIT FINDING BY AUDITOR GENERAL	AUDIT AREA	Detailed Finding with Previous Management and Auditors Responses	ROOT CAUSE	RECOMMENDATION	RESPONSIBLE PERSON	RESPONSE	TIME LINES
QUALIFICATION POINTS: REVENUE								
20	Revenue from non-exchange: Property Rates - Difference between GL and sub-system		A reconciliation of the amounts recorded in the revenue/debtors sub-system and the general ledger was performed and the differences were identified.	The misstatements/limitation occurred due to a lack of effective processes to clear any differences identified in the interface journals between the Munsoft general ledger and the debtors' sub-system on a regular monthly basis.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

22	Other receivables - Restatement not supported by sufficient evidence		Inspected note 52 to the AFS "Prior year adjustments" and confirmed that restatements regarding "Other receivables" as an account balance, we could not trace these adjustments to the registers or adequate audit evidence. The corrections/restatements made are not supported by sufficient audit evidence and we could not determine what procedures management has performed, or what controls have management put in place to correct the misstatements and address the risk in the population as a whole. During the review of the AFS for 2022/23 financial year, we noted the council resolution to write-off other receivables. However, the auditors note that the process that the council followed in terms of writing off the debt was not adequate and also the process that management took to write-off. There is no evidence provided by management to confirm.	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Revenue		

31	Revenue from exchange transactions_ Service charges - Follow up on prior year unresolved findings.		**Finding 1:** During the prior year 2022, the issues were reported to management which impacted revenue from exchange transactions: service charges reported in the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Through inspection of note 52 to the AFS "Prior year adjustments" and PY003 & PY004 journals written in CaseWare it was confirmed that restatements amounting to R919 546,00 were affected in respect of revenue from exchange transactions: service charges. However, we could not trace and link these adjustments to any of the audit findings raised in the prior year and as a result we could not determine what management has done or what corrections were made or what controls have management put in place to correct any of the misstatements identified in the prior year. **Finding**	The matter occurred due to lack of quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Revenue		

			2 During the current year, we noted that unreliable estimations were still being used for billing purposes, regardless of the material limitation raised during the prior year.					

37	Receivables from exchange transactions - Follow up on prior year unresolved. Findings		Through inspection of note 52 to the AFS "Prior year adjustments" and PY003 & PY004 journals written in CaseWare it was confirmed that restatements amounting to R2,566,946.00 were affected in respect of receivables from exchange transactions. However, we could not trace and link these adjustments to any of the audit findings raised in the prior year and as a result we could not determine what management has done or what corrections are done, what controls have management put in place to correct any of the misstatements identified in the prior year.	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit as well as safeguarding of accounting records. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Revenue		

42	Revenue from non-exchange property rates: Follow up on prior year (CoAF 74 of 2022)		During the prior year the following issues were reported to management that impacted revenue from non-exchange for property rates as a class of transactions disclosed in the AFS and in the current year these matters are followed up to determine if internal controls regarding records keeping and safe guarding of information. Management should provide detail process they have followed to address these deficiencies together with substantive evidence (including journals passed) when rectifying the population. These findings impact the prior and current year financial statements. (Refer to the table on CoAf 42)	This misstatement is a result of inadequate review processes of the revenue transactions recorded and lack of proper or detailed review of the reconciliation performed between the revenue sub-system and the valuation roll.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Manager Revenue		
43	Receivables – Debt impairment allowance not agreeing to supporting schedules.		When performing the high-level review of the financial statements and supporting schedules submitted for audit on the debt impairment allowances, we noted the following differences: (Refer to the table on CoAf 43)	There is an inadequate review of the financial statements to ensure that the amounts disclosed agree with the amounts in the	Management must ensure that amounts disclosed in the annual financial statements are properly reconciled and	Manager Revenue		

				general ledger, trial balance and the supporting schedules.	supported by accurate schedules.			
50	Valuation Roll: No supplementary roll submitted.		During the execution of the valuation roll substantive test of details, the following changes were noted: Refer to the table on CoAf 50	Management did not implement sufficient controls to ensure that the valuation roll been updated by means of an annual supplementary valuation list according to Act on Municipal Property Tax no. 6 of 2004 (77-78).	Management is encouraged to annually update the valuation roll by means of a supplementary valuation roll to take into account changes that developed during the year in terms of the properties in line with the requirements of the municipal property rates act.	Manager Revenue		

57	Revenue from exchange transactions Inaccuracies noted in the billing of the water, sewerage and electricity charges on the GFC account.		During the audit of the service charges billed to GFC, the following were noted: • Electricity meters resetting past. 9,999,999.99 units • Usage not billed according to the transactional reports provided, and were only billed during the month of July 2023, even though the meter readings covered the whole month of June 2023 (Revenue accrued to the municipality during the 2022/23 financial period): • Electricity demand charges were only billed for 11 months, instead of 12 Months.	Management did not implement sufficient controls to ensure that the actual consumption by GFC were billed during the correct financial periods, using the correct tariffs.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		
58	Conventional (Excluding GFC) misstatements identified.		During the audit of the service charges - electricity charged to consumer accounts, excluding GFC, the following were noted: **Incorrect meter reading captured on consumer debtors**: **June 2023 Accrual not properly calculated:**	Management did not implement sufficient controls to ensure that the accurate meter readings were entered into the system and that all electricity billed on consumption were included in the year end accrual.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

65	Water - Conventional(Excluding GFC) misstatements identified		During the audit of the service charges - water charged to consumer accounts, excluding GFC, the following issues were noted: • VRYSTAAT KOOPERASIE LTD VKB's (1001842) water meter (19057407) had an actual reading of 75 554 units on 14/03/2023, however, the captured reading on the system was 75 500 units. This resulted in 54 units not being recognised at the prescribed tariff of R17.00/kl used • CRAVEN CW's (1029172) water consumption were charged at an un-metered rate of R10.37/kl used, instead of the corresponding incline tariff blocks for metered consumption. This resulted in a loss of revenue as the water consumption should have been charged as follows: Block 1: 10kl @ R10.14 Block 2: 5kl @ R16.24 Block 3: 5kl @ R22.24 Block 4: 5kl @ R27.31	Management did not implement sufficient controls to ensure that the accurate meter readings were entered into the system and that consumers were billed using the correct tariffs.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

			Block 4: 75kl @ R31.21 Total: 100kl @ R2 771.90 Actually charged consumption: 100kl @R10.37/kl = R1 037.00					

70	Service charges - Basic charges on vacant stands.		It was identified that certain vacant stands were charged basic service charges, even though no goods or service with approximately equal value were given or rendered to these consumers. It is therefore, evident that these charges made to the consumer accounts in actual fact represented revenue from non-exchange transactions, however, the municipality incorrectly classified these charges as revenue from exchange transactions. This is further also evident by the fact that the mSCOA makes provision for these transactions to be classified as revenue from non-exchange transactions.	The matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit and incorrect interpretation of GRAP 9 & 23.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

74	Service charges_Prior period corrections.		During the audit of the prior period corrections made to service charges, the following were noted: 1. • VKB BELEGGINGS PTY LTD (1029862) were retrospectively billed for electricity usage from August 2017 to June 2022 with the total adjustment of R269 721, 84 being posted against the 2021/22 revenue class of transaction total. This is however inappropriate since all charges for the period August 2017 to June 2021 totalling R203 036, 44, should have been corrected against retained earnings and not revenue. 2. • MOREKI S SS (1023143)'s account were credited for an over read water meter, affecting transactions as far back as March 2021, with the credit note being posted against the 2021/22 revenue class of transaction total. This is however inappropriate since all charges recognised for the period March 2021 to June 2021 totalling R1, 173.53,	These misstatements are as a result of inadequate review and reconciliation processes of the consumer transactions and accounts	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

			should have been corrected against retained earnings and not debited against revenue of 2021/22. 3. • The above mentioned misstatements results in the following projected misstatement, affecting the 2021/22 revenue figures: 4. • Overstated revenue as recognised in the 2021/22 financial period totalling R217, 664.37					

77	Revenue from exchange transactions – Completeness.		The following completeness issues were identified: • Erf 0101-198 (Owner account - 1025196) were registered as a residential indigent and subsequently billed services charges as an indigent. However, based on the audit procedures performed, it was identified that the consumer debtor does actually qualify as an indigent and should have been billed service charges as a normal consumer • Erf 0101-371 (Owner account - 1028784) was only billed for water consumptions and not billed for other services such electricity (Pre-paid), sewerage and refuse removal. In addition, it was identified that the stand is occupied and in use by a consumer debtor. As the valuation roll served as main source for the sample, the effect on the financial cannot be quantified, and limits our ability to conclude on the underlying assertion (Completeness).	These misstatements are as a result of inadequate review and reconciliation processes of the consumer transactions and accounts.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

85	Data analytics and investigative analysis on revenue - Exceptions noted		During the evaluation of the results provided by the Data Analyst, the following exceptions per procedure performed were as follows: (Refer to the list on the CoAF 85)	These misstatements are as a result of inadequate review and reconciliation processes of the consumer transactions and accounts.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		

87	Receivables_Prior period corrections incorrectly mapped.		During the evaluation of prior year corrections made to trade receivables as an account disclosed in note 8 to the financial statements, it was noted that the adjustments made to Sundry debtor accounts totalling R1 647 411,25 were incorrectly posted against account IA00101000300100100000000000000000000000 which is currently mapped as a receivable for "electricity debtors". As a result, the adjustments does not appropriately adjust the Sundry debtors. The misstatement is however confirmed under Receivables from exchange transactions and does not result in a misstatement on the face of the statement of financial position.	These misstatements are as a result of poor quality control procedures implemented during the process of reviewing the financial statements before submission to the auditors.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Manager Revenue		

103	Receivables from exchange transactions – Completeness		During the testing performed on receivables from exchange transactions, the following completeness issue was identified: Erf 0105-000001268-000000-0000, which according to satellite imagery is not a vacant stand and has access to basic services, were not charged for any of these services or the availability charge thereof. The latter results in completeness issues for receivables from exchange transactions.	This misstatement is a result of inadequate review and reconciliation of consumer transactions and accounts to ensure that the accounting standards are adhered to.	Management should implement controls over daily and monthly processing and reconciling of transactions.	Manager Revenue		
155	Receivables from non-exchange: Accounts could not be traced to the valuation roll.		During the audit of receivables from non-exchange, it was identified that the following debtor account as selected from the age analysis could not be traced to the valuation roll: **Account number**: 1003917 **Account holder**: TSABALALA EN ANDERE 17/9 F **Account Type**: Owner **Balance on** 30/06/2023: R21,832.94	This finding is a result of inadequate review processes of the receivable transactions recorded and a lack of implementation of internal controls by management to ensure that the accounting records imported into Munsoft system are properly reviewed.	Management should implement controls over the daily, monthly processing and reconciling of all transactions.	Manager Revenue		

170	Receivables from exchange and non-exchange transactions - Existence not confirmed.		During the testing of receivables, it was identified that: 53 Occupier accounts with debts owing of R4 390 001, 84 were flagged as irrecoverable since no payments were received during or after the year-end, and no services were rendered to them. 1 Owner account with debts owing of R50 891, 00 was identified as irrecoverable due to the absence of payments during or after the year-end, along with no corresponding services provided. Furthermore, we were unable to trace the property (Erf) and account to the valuation roll. These accounts were further evaluated after which it was confirmed that some of them had no payment history, with others reflecting recorded receipts as far back as June 2013, with the latest being October 2020 Even though these accounts were appropriately tested for	These misstatements are as a result of inadequate review, management and reconciliation processes of consumer transactions and accounts.	Management should implement controls over management and collection of receivable accounts.			

			impairment, the existence, rights and possibility to recover these debts are not deemed likely. Refer to the Annexure A attached					

173	Revenue - Sewerage billed at incorrect tariffs.		During the testing of revenue: sewerage charges, it was identified that the following consumer account was charged at the incorrect rate per toilet, being R90.06 (Residential), in stead of R188.88 (Business, which includes government institutions such as the magistrate court). (Refer to the table in CoAF 173)	Management did not implement sufficient controls to ensure consumer types are correctly captured on the system and that the consumers are billed at the correctly approved tariffs.	Management should implement controls over daily and monthly processing and reconciling of transactions.			

197	Data analytics and investigative analysis on indigents - Exceptions noted.		During the evaluation of the results provided by the Data Analyst on indigents, the following exceptions per procedure performed were as follows: • Test: Records that listed a 13 character ID number were compared with the National Population Register (NPR) information and cases were identified where the account holder are listed as a deceased person on the NPR database. (Income foregone of R147,383.40) o The result will show all Individuals listed as a deceased person on the NPR database. All consumers who died during the year were excluded, with the list being limited to consumers who were already deceased before the financial year. Refer to Sheet A on Annexure A for the detailed population. • Test: With the comparison of the 13 character ID number of the account holders with the combined Government	These misstatements are as a result of inadequate review and verification of the validity of registered indigents.	Management should implement effective daily and monthly internal control processes.			

			employees and Municipality workers file cases were identified where the particular account holder appears to be in the employment of one or another government department or organisation. (Income foregone of R19,670.63) o The result will show all Individuals in the employment of one or another government department or organisation. Refer to Sheet B on Annexure A for the detailed population. • Test: With the comparison of the 13 character ID numbers of the account holder with the CIPC database information and a combined payments information file of payments to businesses in which government employees and municipal workers have an interest in, cases were identified where the account holder have an interest in one or another company/business. (Income foregone of R19,670.63) o The result will show all					

			Individuals that has an interest in suppliers of government and/or municipalities. Refer to Sheet C on Annexure A for the detailed population. • Test: An extraction will be done on all Individual information where information reside in the ID number field (i.e. not blank). Duplicates are then checked on the ID number field.(Income foregone of R23,536.03) o The result will show all Individuals with an ID Number duplicated on the Individual register. Refer to Sheet D on Annexure A for the detailed population. • Test: With the comparison of the 13 character ID number of the Individuals with the combined Government employees and Municipality workers file as well as the NPR database. Cases were identified where the particular account holders' spouse is in the employment of one or another government department or organisation.					

			(Income foregone of R8,436.10) o The result will show all spouses of Individuals in the employment of one or another government department or organisation. Total rebates allowed on these indigents R206 025,50 of which R6,079.64 relates to property rates(Non-exchange revenue) Over and above the findings listed above, it was also identified that several indigents were captured with differences in their ID numbers.					

198			During the prior year the following issues were reported to management that impacted Employee Benefit Obligation reported in the AFS and in the current year these matters were followed up to determine how management had resolved the issues. Inspected note 52 to the AFS "Prior year adjustments" and confirmed that no adjustments made in respect of employee benefit obligation, as results we could not determine what management has done and what controls have management put in place to correct the misstatements. No further evidence was provided in the submission of the 2022-23 financial statements that management took action to address the prior year finding. Please refer to the table in CoAF 198 for the unresolved issue in the prior year:	The above matter occurred due to lack of adequate quality control processes and review of the annual financial statements before submission for audit. Furthermore, management did not properly develop and implement adequate action plan to ensure that prior year issues are properly addressed.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.			

200	Revenue from non-exchange transactions – Improvements not updated on the valuation roll.		1. The Municipality did not inform the valuer to update the valuation roll with new developments and improvements made which may possibly affect the value of the properties contained in the valuation roll. 2.The Municipality did not update the revenue billing system to reflect the new developments and improvements to ensure that the correct amount of revenue is collected from consumers based on the updated property valuations. 3. In respect of the building plan register, the approval date for all the plans was not indicated. Therefore, this does not confirm whether building plans were indeed completed, and as a result, was supposed to be included or resulted in an update of the valuation roll. This imposes a limitation on the auditor as the list cannot be considered to be complete and accurate.	There was not a building inspector appointed for the full year by the municipality to confirm the successful completion of building plans and the valuer is not informed of successful building plans for the updating of the valuation roll.	Management should implement effective internal control processes in respect of the updating the supplementary valuation because of successful building plans.			

	Debt Impairment: After benchmarking with other municipalities that are using MUNSOFT, that MUNSOFT can calculate Debt Impairment as municipality we don't need an expect to it for us.							
	Consumer deposit register: Ms Muso should perform monthly reconciliation to the system , and not wait for the year end.							

GLOSSARY

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

National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total

	amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
Council Members	**Full Time/ Part Time**	**Committees Allocated**	**Ward and/or Party Represented**	**Percentage Council meetings attendance**	**Percentage Apologies for non-attendance**
CLLR (SPEAKER) – Buyi Makoba	FT	Speaker of council	PR - (ANC)	100%	
Cllr. (Mayor) – Mamiki Mokoena	FT	Chairperson – Finance & LED, Tourism & Planning	PR - (ANC)	100%	
Cllr. T. Mokoena –	PT	MPAC, Technical & Community Services Committee	WARD 1 - ANC	100%	
Cllr. K. Mofokeng -	PT	Corporate Services Committee	WARD 2 - ANC	100%	
Cllr. M. Mabaso -	PT	Finance Committee	WARD 3 - ANC	100%	
Cllr. P. Mofokeng -	PT	Chairperson – Technical &Community Services	WARD 4 - ANC	100%	
Cllr. G. Nhlapo –	PT	MPAC Chairperson; Finance Committee	WARD 5- ANC	100%	
Cllr. M. Blignaut -	PT	Chairperson Technical Services	WARD 6 - DA	100%	
Cllr. K. Mofokeng	PT	Technical & Community Services Committee	WARD 7- ANC	100%	
Cllr. P. Dhlamini	PT	Technical & Community Services Committee	WARD 8 - ANC	100%	
Cllr. L. Miya	PT	Corporate Services committee	WARD 9 - ANC	100%	
Cllr. D. Mofokeng	PT	MPAC; Technical & Community Services Committee	PR - DA	100%	
Cllr. H. Muller –	PT	Corporate Services Committee	PR - FF+	100%	
Cllr. Smit	PT	Finance Committee	PR – DA	100%	

Cllr. Mosia	PT	MPAC, Corporate Services Committee	PR- EFF	100%	
Cllr. Bosman –	PT	Finance Committee	PR - FF+	100%	
Cllr. Mofokeng	PT	Technical & Community Services Committee	PR - EFF	100%	
Cllr. Molakeng	PT	Corporate Services Committee	PR - AULA	100%	

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of the Committee**
Section 79 Committees	
Corporate & Community Services	Portfolio Committee with Chairperson as Member of EXCO.
Finance Committee	Portfolio Committee with Chairperson as Member of EXCO.
Technical & Infrastructure Services	Portfolio Committee with Chairperson as Member of EXCO.
LED, Tourism and Planning	Portfolio Committee with Chairperson as Member of EXCO
MPAC	To investigate audit opinions and outcomes in the annual report • prepare oversight report to council. • To investigate and recommend to council on Irregular, Fruitless and Wasteful as well as Unauthorised Expenditure.
Audit and Performance Management Audit Committee	To report to council on issues of Audit and Performance Management
Bid Committees	
Specification Committee	To develop Terms of Reference and Specifications for Bids – Appointment subject to need by Municipal Manager. This is not a fixed committee.
Evaluation Committee	To evaluation Bids in line with Supply Chain Management requirements – Appointment subject to need by Municipal Manager. This is not a fixed committee.
Adjudication Committee	To adjudicate the Bid Evaluation Reports and either appoint or recommend to Municipal Manager for appointment in line with Delegations and Supply Chain Management requirements
Integrated Development Plan Steering Committee	To lead the Integrated Development Plan process
Risk Management Committee	To report to council through the Audit and Performance Audit Committee on

	issues of Risk Management
Local Labour Forum	To deal with all issues affecting labour within the Municipality

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Department	**Name & Surname; Title**
Office of the Municipal Manager	**M.M. Sefantsi – Municipal Manager** **S.M. Nhlapo – Municipal Manager**
Office of the Municipal Manager (Internal Audit)	**G. Makgale -Internal Audit Manager**
Office of the Municipal Manager (IDP & PMS)	**J. Msibi – Manager IDP & PMS**
Finance	**J. Makubu - CFO**
Finance	D. Motloung – SCM Manager
Finance	B. du Preez – Revenue Manager
Finance	N. Fourie – Budget and Reporting Manager
Finance	L. Mokoatala – Expenditure Manager
Corporate Services	**S. M. Nhlapo - Director**
	J. Mokwena – Manager HR
	M. Mokhati – Manager Legal
Community Services	**M. Letsela- Director**
	S. Maseko – Manager Waste and environmental Management
	T. Mokoena – Manager Public Safety
	Manager LED – J Mahamotsa (till October 2022)
Technical Services & Infrastructure	**P. Morokolo - Director**
	W. Koalepe – Manager Electricity
	M. Mzizi – Manager Roads & Storm Water
	K. Molelekwa – Manager Water & Sanitation
	S. Mofokeng – PMU
LED, Tourism and Planning	**J. Mahamotsa- Director**
	A. Motaung – Manager Urban Planning
	Manager LED - Vacant

AUDITED ANNUAL FINANCIAL STATEMENTS 2022-23



Nketoana Local Municipality

Annual Financial Statements
for the year ended 30 June 2023

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Nketoana Local Municipality performs the functions as set out in the Constitution, (Act no 105 of 1996)
Mayoral committee	
Executive Mayor	Mokoena MT
Councillors	Dlamini PP Makhoba BM (Speaker) Mofokeng K Mosia MJ Mokoena TE Mofokeng K Muller HMC Mofokeng PP (Chief Whip) Mabaso MA Mofokeng DI Smit A Blignaut M Miya LF Bosman ML Nhlapo LG Molakeng KL Mofokeng LJ
Registered office	Cnr Church and Voortrekker Street Reitz 9810
Business address	Cnr Church and Voortrekker Street Reitz 9810
Postal address	P.O. Box 26 Reitz 9810
Auditors	Auditor-General of South Africa

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
WCA	Workers Compensation Assistance
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
DORA	Division of Revenue Act No. 2 of 2013
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
MIG	Municipal Infrastructure Grant

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The annual financial statements set out on pages 6 to 110, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

Accounting Officer

Mokete Nhlapo

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The municipality is engaged in performing the functions as set out in the constitution, (Act no 105 of 1996) and operates principally in South Africa. During the year there were no major changes in the activities of the business. The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community:

General services - all types of services rendered by the municipality, excluding the supply of housing of the community.

Waste management services - the collection, disposal and recycling of waste.

Electricity services - electricity is bought in bulk from Eskom and distributed to the consumers by the municipality.

Waste water management - collection and purification of waste water.

Water services - supply of water and operates principally in the Free State.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 169,829,807 (2022: restated deficit R 189,500,233).

2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 180,159,542 and that the municipality's total assets exceed liabilities by R 180,159,542.

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the National Treasury will provide the necessary allocation of funding per the DORA.

Where applicable the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

The municipality is constantly implementing optimal revenue enhancement strategies and credit control and debt collection policy along with cost containment policy to improve liquidity.

3. Subsequent events

The accounting officers are not aware of any matter or circumstance arising since the end of the financial year, that would have an impact on the financial statements.

4. Accounting Officers' interest in contracts

In terms of the Supply Chain Management Policy of the municipality, councillors and officials are prohibited from entering into commercial transactions with the municipality. The Accounting Officer does not have any interest(s) in contracts of the municipality.

The register of declaration of interest is available in the office of the Chief Whip for inspection.

Consistent with the Supply Chain Management Policy of the municipality, none of the councillors or officers entered into any commercial transaction with the municipality during the period under review.

Accounting Officer's Report

5. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

6. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
Monyane Sefantsi	South African	Contract ended, Wednesday, 12 October 2022
Mokete Nhlapo	South African	Appointed Thursday, 15 December 2022

7. Auditors

Auditor-General of South Africa will continue in office for the next financial period, as mandated by the Constitution.

8. Non-compliance with applicable legislation

The municipality did not in all instances and transactions made during the financial year comply with the prescripts of the MFMA and related legislations.Instances of non-compliance identified include among others the following:

- Non-compliance with SCM Regulations that resulted in Irregular expenditure reported these annual financial statements;
- Monies owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA;
- Unauthorised, Irregular, 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)(a) of the MFMA.

The annual financial statements set out on pages 6 to 110, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

Accounting Officer

Mokete Nhlapo

Statement of Financial Position as at 30 June 2023

Figures in Rand	Notes	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	18,430,039	17,438,446
Other financial assets	4	750,590	780,125
Other receivables	5	7,980,336	7,980,336
Other statutory receivables	6	781,386	521,986
Receivables from non-exchange transactions	7	8,767,566	8,160,123
Receivables from exchange transactions	8	63,219,370	38,976,447
VAT receivable	9	30,165,892	20,875,837
Cash and cash equivalents	10	1,574,547	2,477
		131,669,726	**94,735,777**
Non-Current Assets			
Biological assets that form part of an agricultural activity	11	131,881	109,854
Investment property	12	122,554,911	115,636,709
Property, plant and equipment	13	860,455,825	904,669,384
Heritage assets	14	529,800	529,800
Other financial assets	4	1,297,816	1,076,647
Deposits	15	4,272,987	4,098,523
		989,243,220	**1,026,120,917**
Total Assets		**1,120,912,946**	**1,120,856,694**
Liabilities			
Current Liabilities			
Borrowings	16	4,117,597	4,878,472
Finance lease obligation	17	-	525,279
Payables from exchange transactions	18	823,435,328	665,820,853
Consumer deposits	19	2,441,045	2,149,726
Employee benefit obligation	20	1,533,722	2,270,311
Unspent conditional grants and receipts	21	3,321,930	10,699,715
Provisions	22	37,835,433	41,773,702
		872,685,055	**728,118,058**
Non-Current Liabilities			
Employee benefit obligation	20	30,844,603	30,545,689
Provisions	22	37,223,746	27,529,646
		68,068,349	**58,075,335**
Total Liabilities		**940,753,404**	**786,193,393**
Net Assets		**180,159,542**	**334,663,301**
Accumulated surplus		180,159,542	334,663,301
Total Net Assets		**180,159,542**	**334,663,301**

* See Note 52

Statement of Financial Performance

Figures in Rand	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	211,198,871	184,325,156
Interest received (trading)	25	135,401,273	92,350,468
Rental of facilities and equipment	26	1,470,734	1,577,884
Licences and permits	27	50,716	46,362
Other income	28	1,347,797	2,721,982
Interest received - investment	29	611,381	370,232
Total revenue from exchange transactions		**350,080,772**	**281,392,084**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	17,216,790	16,196,708
Interest - Property rates	31	6,532,584	4,793,696
Transfer revenue			
Government grants & subsidies	32	188,392,054	146,998,169
Fines, Penalties and Forfeits	33	444,250	538,300
Total revenue from non-exchange transactions		**212,585,678**	**168,526,873**
Total revenue	23	**562,666,450**	**449,918,957**
Expenditure			
Employee related costs	34	(148,703,872)	(144,098,187)
Remuneration of councillors	35	(5,618,137)	(5,161,563)
Depreciation and amortisation	36	(104,777,066)	(54,562,326)
Finance costs	37	(55,715,832)	(31,553,484)
Lease rentals on operating lease	38	(3,291,987)	(4,854,877)
Debt Impairment	39	(236,326,975)	(194,754,308)
Repairs and maintenance	40	(3,727,987)	(13,179,501)
Bulk purchases	41	(76,842,544)	(81,631,642)
Contracted services	42	(16,622,172)	(24,124,156)
General expenses	43	(73,274,928)	(75,601,677)
Total expenditure		**(724,901,500)**	**(629,521,721)**
Operating deficit		**(162,235,050)**	**(179,602,764)**
Gain on disposal of assets and liabilities		-	8,000
Fair value adjustments	44	8,668,857	20,642,140
Actuarial gains/(losses)	20	5,026,038	(3,350,200)
Gain (loss) on biological assets and agricultural produce	45	22,027	(63,812)
Impairment loss	46	(21,311,679)	(27,133,597)
		(7,594,757)	**(9,897,469)**
Deficit for the year		**(169,829,807)**	**(189,500,233)**

* See Note 52

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	531,610,673	531,610,673
Adjustments		
Prior year adjustments - Refer to Note 52	(7,447,139)	(7,447,139)
Balance at 01 July 2021 as restated*	**524,163,534**	**524,163,534**
Changes in net assets		
Surplus for the year	(189,500,233)	(189,500,233)
Total changes	(189,500,233)	(189,500,233)
Opening balance as previously reported	358,443,270	358,443,270
Adjustments		
Prior year adjustments - Refer to Note 52	(8,453,921)	(8,453,921)
Restated* Balance at 01 July 2022 as restated*	**349,989,349**	**349,989,349**
Changes in net assets		
Surplus for the year	(169,829,807)	(169,829,807)
Total changes	(169,829,807)	(169,829,807)
Balance at 30 June 2023	**180,159,542**	**180,159,542**

* See Note 52

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Taxation		5,071,062	27,836,821
Sale of goods and services		166,785,338	88,978,030
Grants		180,443,794	151,356,516
Interest income		611,381	370,232
		352,911,575	268,541,599
Payments			
Employee costs		(153,884,334)	(145,885,523)
Suppliers		(71,314,864)	(53,265,409)
Finance costs		(55,715,832)	(31,001,248)
		(280,915,030)	(230,152,180)
Net cash flows from operating activities	48	**71,996,545**	**38,389,419**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(69,138,321)	(37,348,923)
Cash flows from financing activities			
Repayment of borrowings		(760,875)	(4,161,395)
Finance lease payments		(525,279)	-
Net cash flows from financing activities		**(1,286,154)**	**(4,161,395)**
Net increase/(decrease) in cash and cash equivalents		**1,572,070**	**(3,120,899)**
Cash and cash equivalents at the beginning of the year		2,477	3,123,376
Cash and cash equivalents at the end of the year	10	**1,574,547**	**2,477**

* See Note 52

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	216,202,000	(16,089,000)	**200,113,000**	211,198,871	**11,085,871**	64.1
Rental of facilities and equipment	1,842,000	-	**1,842,000**	1,470,734	**(371,266)**	64.2
Interest received (trading)	89,880,000	4,000,000	**93,880,000**	135,401,273	**41,521,273**	64.3
Licences and permits	-	1,121,000	**1,121,000**	50,716	**(1,070,284)**	64.4
Other income - (rollup)	2,702,000	-	**2,702,000**	1,347,797	**(1,354,203)**	64.5
Interest received - investment	290,000	-	**290,000**	611,381	**321,381**	64.6
Total revenue from exchange transactions	**310,916,000**	**(10,968,000)**	**299,948,000**	**350,080,772**	**50,132,772**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	11,056,000	4,000,000	**15,056,000**	17,216,790	**2,160,790**	64.7
Interest - Taxation revenue	-	-	**-**	6,532,584	**6,532,584**	64.8
Transfer revenue						
Government grants & subsidies	183,333,000	21,472,000	**204,805,000**	188,392,054	**(16,412,946)**	64.9
Fines, Penalties and Forfeits	171,000	367,000	**538,000**	444,250	**(93,750)**	64.10
Total revenue from non-exchange transactions	**194,560,000**	**25,839,000**	**220,399,000**	**212,585,678**	**(7,813,322)**	
Total revenue	**505,476,000**	**14,871,000**	**520,347,000**	**562,666,450**	**42,319,450**	
Expenditure						
Personnel	(151,733,000)	-	**(151,733,000)**	(148,703,872)	**3,029,128**	64.11
Remuneration of councillors	(6,454,000)	-	**(6,454,000)**	(5,618,137)	**835,863**	64.12
Depreciation and amortisation	(60,675,000)	5,000,000	**(55,675,000)**	(104,777,066)	**(49,102,066)**	64.13
Finance costs	(26,500,000)	(4,000,000)	**(30,500,000)**	(55,715,832)	**(25,215,832)**	64.15
Lease rentals on operating lease	-	-	**-**	(3,291,987)	**(3,291,987)**	64.16
Debt Impairment	(157,591,000)	-	**(157,591,000)**	(236,326,975)	**(78,735,975)**	64.17
Repairs and maintenance	-	-	**-**	(3,727,987)	**(3,727,987)**	64.18
Inventory consumed and bulk purchases	(130,642,000)	23,230,000	**(107,412,000)**	(76,842,544)	**30,569,456**	64.19
Contracted Services	(24,927,000)	(5,200,000)	**(30,127,000)**	(16,622,172)	**13,504,828**	64.20
General Expenses	(49,003,000)	(7,014,000)	**(56,017,000)**	(73,274,928)	**(17,257,928)**	64.21
Total expenditure	**(607,525,000)**	**12,016,000**	**(595,509,000)**	**(724,901,500)**	**(129,392,500)**	
Operating deficit	**(102,049,000)**	**26,887,000**	**(75,162,000)**	**(162,235,050)**	**(87,073,050)**	
Fair value adjustments	-	-	**-**	8,668,857	**8,668,857**	64.50
Actuarial gains/losses	-	-	**-**	5,026,038	**5,026,038**	
Gain on biological assets and agricultural produce	-	-	**-**	22,027	**22,027**	64.23
Impairment loss	-	-	**-**	(21,311,679)	**(21,311,679)**	16.14
	-	**-**	**-**	**(7,594,757)**	**(7,594,757)**	
Deficit before taxation	**(102,049,000)**	**26,887,000**	**(75,162,000)**	**(169,829,807)**	**(94,667,807)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(102,049,000)**	**26,887,000**	**(75,162,000)**	**(169,829,807)**	**(94,667,807)**	
Reconciliation						

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	9,026,000	14,230,000	**23,256,000**	18,430,039	**(4,825,961)**	64.24
Other financial assets	-	-	**-**	750,590	**750,590**	64.25
Other receivables	108,841,000	367,000	**109,208,000**	7,980,336	**(101,227,664)**	64.26
Receivables from non-exchange transactions	-	-	**-**	8,767,566	**8,767,566**	64.27
Statutory receivables	-	-	**-**	781,386	**781,386**	64.28
VAT receivable	-	-	**-**	30,165,892	**30,165,892**	64.29
Consumer debtors	180,533,000	(8,089,000)	**172,444,000**	63,219,370	**(109,224,630)**	64.30
Cash and cash equivalents	(82,180,000)	(72,660,000)	**(154,840,000)**	1,574,547	**156,414,547**	64.31
	216,220,000	**(66,152,000)**	**150,068,000**	**131,669,726**	**(18,398,274)**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	137,000	-	**137,000**	131,881	**(5,119)**	64.32
Investment property	120,740,000	-	**120,740,000**	122,554,911	**1,814,911**	64.33
Property, plant and equipment	1,097,357,000	56,593,000	**1,153,950,000**	860,455,825	**(293,494,175)**	64.34
Intangible assets	6,000	-	**6,000**	-	**(6,000)**	64.35
Heritage assets	578,000	-	**578,000**	529,800	**(48,200)**	64.36
Other financial assets	1,682,000	-	**1,682,000**	1,297,816	**(384,184)**	64.37
Other receivables	244,758,000	-	**244,758,000**	-	**(244,758,000)**	64.38
Deposits	-	-	**-**	4,272,987	**4,272,987**	64.39
	1,465,258,000	**56,593,000**	**1,521,851,000**	**989,243,220**	**(532,607,780)**	
Total Assets	**1,681,478,000**	**(9,559,000)**	**1,671,919,000**	**1,120,912,946**	**(551,006,054)**	
Liabilities						
Current Liabilities						
Borrowings	9,413,000	-	**9,413,000**	4,117,597	**(5,295,403)**	64.40
Payables from exchange transactions	611,228,000	(36,444,000)	**574,784,000**	823,435,332	**248,651,332**	64.42
Consumer deposits	2,097,000	(4,196,000)	**(2,099,000)**	2,441,045	**4,540,045**	64.43
Employee benefit obligation	-	-	**-**	1,533,722	**1,533,722**	64.44
Unspent conditional grants and receipts	-	-	**-**	3,321,930	**3,321,930**	64.45
Provisions	53,402,000	(106,805,000)	**(53,403,000)**	37,835,433	**91,238,433**	64.46
	676,140,000	**(147,445,000)**	**528,695,000**	**872,685,059**	**343,990,059**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	30,844,603	**30,844,603**	64.47
Provisions	58,045,000	-	**58,045,000**	37,223,746	**(20,821,254)**	64.48
	58,045,000	**-**	**58,045,000**	**68,068,349**	**10,023,349**	
Total Liabilities	**734,185,000**	**(147,445,000)**	**586,740,000**	**940,753,408**	**354,013,408**	
Net Assets	**947,293,000**	**137,886,000**	**1,085,179,000**	**180,159,538**	**(905,019,462)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	947,293,000	137,886,000	**1,085,179,000**	180,159,538	**(905,019,462)**	64.49

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	4,422,000	-	**4,422,000**	5,071,062	**649,062**	64
Service charges	86,481,000	-	**86,481,000**	166,785,338	**80,304,338**	64
Other revenue	3,584,000	1,120,000	**4,704,000**	-	**(4,704,000)**	64
Transfers and Subsidies - Operational	121,020,000	3,774,000	**124,794,000**	125,026,319	**232,319**	64
Transfers and Subsidies - Capital	62,313,000	(17,000,000)	**45,313,000**	55,417,475	**10,104,475**	64
Interest	290,000	-	**290,000**	611,381	**321,381**	64
	278,110,000	**(12,106,000)**	**266,004,000**	**352,911,575**	**86,907,575**	
Payments						
Suppliers and employees	(350,117,000)	-	**(350,117,000)**	(280,915,030)	**69,201,970**	64
Net cash flows from operating activities	**(72,007,000)**	**(12,106,000)**	**(84,113,000)**	**71,996,545**	**156,109,545**	
Cash flows from investing activities						
Decrease (increase) in non-current investments	1,682,000	-	**1,682,000**	-	**(1,682,000)**	64
Capital assets	(54,718,000)	(57,804,000)	**(112,522,000)**	(69,138,321)	**43,383,679**	64
Net cash flows from investing activities	**(53,036,000)**	**(57,804,000)**	**(110,840,000)**	**(69,138,321)**	**41,701,679**	
Cash flows from financing activities						
Repayment of borrowings	-	-	**-**	(760,875)	**(760,875)**	
Finance lease payments	-	-	**-**	(525,279)	**(525,279)**	
Net cash flows from financing activities	**-**	**-**	**-**	**(1,286,154)**	**(1,286,154)**	
Net increase/(decrease) in cash and cash equivalents	(125,043,000)	(69,910,000)	**(194,953,000)**	1,572,070	**196,525,070**	64
Cash and cash equivalents at the beginning of the year	44,545,000	-	**44,545,000**	2,477	**(44,542,523)**	64
Cash and cash equivalents at the end of the year	**(80,498,000)**	**(69,910,000)**	**(150,408,000)**	**1,574,547**	**151,982,547**	
Reconciliation						

Accounting Policies

Figures in Rand	Note(s)	2023	2022

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The municipality used the rate as per the credit policy which is linked to the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

Trade and other payables

The municipality recognises trade and other payables (i.e. financial liability) in its statement of financial position when, and only when, the municipality becomes a party to the contractual provisions of the instrument. The municipality recognises financial liabilities using trade date accounting.

When a financial liability is recognised initially, the municipality measures it at its fair value plus, in the case of a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The municipality subsequently measures financial liabilities at fair value, amortised cost or cost. The municipality assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of "financial instruments at fair value", "financial instruments at amortised cost" or "financial instruments at cost", as per the GRAP standard.

Underlying the definition of fair value is a presumption that the municipality is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that the municipality would receive or pay in a forced transaction, involuntary liquidation or distress sale. However, fair value reflects the credit quality of the instrument.

Accounting Policies

1.4 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets that form part of an agricultural activity where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

1.5 Investment property

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

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

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

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

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

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

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

Accounting Policies

1.5 Investment property (continued)

Fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

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.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	Maximum of 30 Years
Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	Maximum of 7 Years
Emergency equipment	Straight-line	5 years
Electricity network	Straight-line	5 - 60 years
Roads and stormwater	Straight-line	Maximum of 30 Years
Leased Assets	Straight-line	3 years
Wastewater network	Straight-line	5 - 70 years
Water network	Straight-line	5 - 70 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 13).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

1.7 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies

1.8 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 - 9 years

1.9 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable 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.

Accounting Policies

1.9 Heritage assets (continued)

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

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.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

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.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Accounting Policies

1.10 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Accounting Policies

1.10 Financial instruments (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.10 Financial instruments (continued)

Classification

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

Class	Category
Other financial assets	Financial asset measured at amortised cost
Other receivables	Financial asset measured at cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities(Loans)	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

1.11 Statutory receivables

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.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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.

Accounting Policies

1.11 Statutory receivables (continued)

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

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 to another party substantially all of the risks and rewards of ownership of the receivable; or

Accounting Policies

1.11 Statutory receivables (continued)

- 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.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on another systematic basis -(contractual rental amounts).

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Inventories

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

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

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

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

Accounting Policies

1.13 Inventories (continued)

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

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

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

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

Accounting Policies

1.14 Tax (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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.

Value in use

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.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Accounting Policies

1.14 Tax (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

1.14 Tax (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Tax (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

Useful life is either:

Accounting Policies

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

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

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.

Accounting Policies

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:
The municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.16 Employee benefits

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

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

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

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Accounting Policies

1.16 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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

Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;

Accounting Policies

1.16 Employee benefits (continued)

- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Accounting Policies

1.16 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

Accounting Policies

1.17 Provisions and contingencies (continued)

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 50.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

1.17 Provisions and contingencies (continued)

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

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

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

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Accounting Policies

1.18 Commitments (continued)

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

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

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Accounting Policies

1.19 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

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

1.20 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

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

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

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

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

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

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

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

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

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

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

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

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

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

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

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

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue 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.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue 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.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.21 Investment income

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

1.22 Comparative figures

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

Accounting Policies

1.23 Unauthorised expenditure (continued)

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

1.24 Fruitless and wasteful expenditure

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

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

1.25 Irregular expenditure

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

Irregular expenditure is accounted for in line with all related requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable) and in particular the municipality utilised the concepts and requirements contained in Circular 68 of MFMA for the recognition, investigation and disclosure of Irregular expenditure.

Irregular expenditure is measured inclusive of VAT.

1.26 Budget information

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

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

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

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

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

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

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Accounting Policies

1.27 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	Not yet determined	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	Not yet determined	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	Not yet determined	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Inventories

Consumable stores	219,893	1,000,718
Water for distribution	195,619	173,856
Unsold Properties Held for Resale	18,014,527	16,263,872
	18,430,039	**17,438,446**
Inventories recognised as an expense during the year	16,650,042	11,643,462

Inventory pledged as security

No inventory was pledged as security for any overdraft facilities or financial liabilities of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

4. Other financial assets

Residual interest at cost		
Unlisted shares	5,000	5,000
VKB Agricultural (Pty) Ltd.		
Preference shares	795,624	424,945
VKB Agricultural (Pty) Ltd.		
Security shareholders loan	464,273	680,246
VKB Agricultural (Pty) Ltd.		
	1,264,897	**1,110,191**
At amortised cost		
Bonds	750,622	716,745
Old Mutual - Unlisted Bonds and Stocks: Old Mutual Shares		
Other financial asset	32,887	29,836
Standard Bank - Money Market account		
	783,509	**746,581**
Total other financial assets	**2,048,406**	**1,856,772**
Non-current assets		
Residual interest at cost	1,264,929	1,046,811
At amortised cost	32,887	29,836
	1,297,816	**1,076,647**
Current assets		
Residual interest at cost	(32)	63,380
At amortised cost	750,622	716,745
	750,590	**780,125**

5. Other receivables

Unauthorised payments to suppliers	7,980,336	7,980,336
Current assets	7,980,336	7,980,336
Current assets	7,980,336	7,980,336

During the 2014/2015 financial year, the municipality's financial reporting system was fraudulently manipulated to effect unauthorised payments to then suppliers/creditors for work not done. A case of fraud was opened with the Hawks and an investigation is still currently underway. A receivable was raised following council decision to investigate the matter and recover the monies lost to the municipality.

Subsequently, this matter was investigated, and no substantiating evidence could be obtained in this regard. This item also formed part of the disclaimer paragraphs in the prior year audit report. This item was taken to council, and it was approved to be written off. Due to the nature of the error, the accounting treatment was done in accordance with GRAP, and the removal of the other receivables were done retrospectively and included in the prior period error note.

6. Other statutory receivables

Traffic fines	781,386	521,986
Current assets	781,386	521,986

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
7. Receivables from non-exchange transactions		
Gross balances		
Consumer debtors - Rates	76,617,716	63,819,404
Less: Allowance for impairment		
Consumer debtors - Rates	(67,850,150)	(55,659,281)
Net balance		
Consumer debtors - Rates	8,767,566	8,160,123
Rates		
Current (0 -30 days)	1,969,690	1,670,890
31 - 60 days	1,434,793	1,249,030
61 - 90 days	1,364,811	1,102,437
91 - 365 days	10,481,207	8,644,140
> 365 days	61,367,215	51,152,907
Impairment	(67,850,150)	(55,659,281)
	8,767,566	**8,160,123**
8. Receivables from exchange transactions		
Gross balances		
Electricity	47,573,574	32,044,771
Water	332,761,331	286,254,347
Sewerage	172,632,128	140,684,553
Refuse	182,848,594	158,688,321
Sundry debtors	269,296,668	208,928,773
Housing rental	3,816,911	2,513,635
	1,008,929,206	**829,114,400**
Less: Allowance for impairment		
Electricity	(32,534,627)	(22,864,774)
Water	(311,585,162)	(272,552,474)
Sewerage	(159,655,978)	(135,577,389)
Refuse	(177,022,219)	(153,319,318)
Sundry debtors	(258,423,411)	(200,413,050)
Housing rental	(6,488,439)	(5,410,948)
	(945,709,836)	**(790,137,953)**
Net balance		
Electricity	15,038,947	9,179,997
Water	21,176,169	13,701,873
Sewerage	12,976,150	5,107,164
Refuse	5,826,375	5,369,003
Sundry debtors	10,873,257	8,515,723
Housing rental	(2,671,528)	(2,897,313)
	63,219,370	**38,976,447**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
8. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	5,763,819	7,924,292
31 - 60 days	3,607,619	848,463
61 - 90 days	4,314,905	621,246
91 - 365 days	14,692,122	3,387,213
> 365 days	19,701,240	17,616,157
Less: Allowance for impairment	(30,369,336)	(22,864,774)
	17,710,369	**7,532,597**
Water		
Current (0 -30 days)	9,767,660	7,626,384
31 - 60 days	8,119,643	6,202,953
61 - 90 days	8,749,326	5,776,906
91 - 365 days	56,910,241	45,251,035
> 365 days	249,315,705	221,397,069
Less: Allowance for impairment	(311,569,975)	(272,552,474)
	21,292,600	**13,701,873**
Sewerage		
Current (0 -30 days)	5,953,554	3,361,877
31 - 60 days	5,014,423	2,622,655
61 - 90 days	5,199,897	2,504,910
91 - 365 days	30,052,453	18,247,191
> 365 days	126,411,802	113,947,920
Less: Allowance for impairment	(158,890,235)	(135,577,389)
	13,741,894	**5,107,164**
Refuse		
Current (0 -30 days)	4,305,004	3,309,901
31 - 60 days	3,632,782	2,915,499
61 - 90 days	3,569,923	2,783,712
91 - 365 days	28,486,092	20,708,308
> 365 days	142,854,793	128,970,901
Less: Allowance for impairment	(176,669,142)	(153,319,318)
	6,179,452	**5,369,003**
Sundry debtors		
Current (0 -30 days)	7,825,855	4,735,986
31 - 60 days	7,167,864	4,580,041
61 - 90 days	6,936,328	4,278,204
91 - 365 days	51,610,188	29,682,455
> 365 days	195,749,899	164,732,541
Less: Allowance for impairment	(256,705,038)	(200,413,050)
	12,585,096	**7,596,177**
Housing rental		
Current (0 -30 days)	123,216	103,397
31 - 60 days	122,296	99,547
61 - 90 days	116,192	97,175
91 - 365 days	1,197,776	740,275
> 365 days	2,257,431	1,473,241
Less: Allowance for impairment	(3,219,403)	(5,410,948)
	597,508	**(2,897,313)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	23,082,787	17,209,763
31 - 60 days	19,752,120	15,707,528
61 - 90 days	19,702,636	14,768,644
91 - 120 days	18,961,599	14,142,280
121 - 365 days	135,822,396	96,847,898
> 365 days	704,750,787	604,993,128
	922,072,325	763,669,241
Less: Allowance for impairment	(893,903,899)	(758,200,190)
	28,168,426	**5,469,051**
Industrial/ commercial		
Current (0 -30 days)	9,751,048	8,908,816
31 - 60 days	7,286,009	693,761
61 - 90 days	8,436,064	510,613
91 - 120 days	6,853,335	504,462
121 - 365 days	17,304,512	3,145,870
> 365 days	23,362,651	19,901,164
	72,993,619	33,664,686
Less: Allowance for impairment	(40,227,643)	(29,653,945)
	32,765,976	**4,010,741**
National and provincial government		
Current (0 -30 days)	905,273	631,629
31 - 60 days	626,497	560,862
61 - 90 days	747,871	480,498
91 - 120 days	638,934	428,104
121 - 365 days	3,368,098	1,958,774
> 365 days	8,177,432	6,696,961
	14,464,105	10,756,828
Less: Allowance for impairment	(3,291,587)	(2,283,818)
	11,172,518	**8,473,010**
Total		
Current (0 -30 days)	33,739,108	26,750,208
31 - 60 days	27,664,626	16,962,151
61 - 90 days	28,886,571	15,759,755
91 - 120 days	26,453,868	15,074,874
121 - 365 days	156,495,005	101,952,543
> 365 days	736,290,869	631,591,253
	1,009,530,047	808,090,784
Less: Allowance for impairment	(937,423,129)	(790,137,953)
	72,106,918	**17,952,831**
Less: Allowance for impairment		
For all debtors aged 30 to over 365 days	(937,423,129)	(790,137,953)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(790,137,953)	(644,127,093)
Contributions to allowance	(147,285,176)	(146,010,860)
	(937,423,129)	**(790,137,953)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

9. VAT receivable

VAT	30,165,892	20,875,837

VAT is payable/receivable on the receipts and payment basis. Only once payment is received from debtors, VAT is paid over to SARS. The amount presented in this note includes VAT accounted for on an accrual basis thus not recoverable from SARS.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	38,736	132,686
Bank balances	1,535,811	(130,209)
	1,574,547	**2,477**

Nketoana Local Municipality has an overdraft facility in place of R500,000, with ABSA (Account Number: 2170142538). The interest rate payable on the overdraft facility is linked to the prime interest lending rate and is variable. There are no pledges or securities linked to this overdraft facility. At year end, the overdraft facility was not used.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA - Operating account - 2170560119	139,902	(427,129)	(402,017)	1,501,367	196,481	1,628,146
ABSA - Banktel Account - 2170142538	20,633	41,318	856,420	(36,294)	(378,988)	756,625
ABSA - Call account - 9074155973	70,711	52,271	605,892	70,711	52,271	605,892
Total	**231,246**	**(333,540)**	**1,060,295**	**1,535,784**	**(130,236)**	**2,990,663**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Biological assets that form part of an agricultural activity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game	131,881	-	131,881	109,854	-	109,854

Reconciliation of biological assets that form part of an agricultural activity - 2023

	Opening balance	Gains or losses arising from changes in fair value	Total
Game	109,854	22,027	131,881

Reconciliation of biological assets that form part of an agricultural activity - 2022

	Opening balance	Gains or losses arising from changes in fair value	Total
Game	173,666	(63,812)	109,854

Non-financial information

Quantities of each biological asset		
Springbuck	4	8
Blesbok	39	24
Zebra	2	2
Wildebeest	1	2
	46	**36**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	122,554,911	-	122,554,911	115,636,709	-	115,636,709

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	115,636,709	6,918,202	122,554,911

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	97,921,873	17,714,836	115,636,709

Pledged as security

No investment property assets are pledged as security.

There are no restrictions on the remittance of revenue and proceeds on disposals relating to investment property.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancements.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Determination of fair value of investment property

Land and buildings are appraised by an external Independent Property Valuer or an expert with the requisite competence to undertake such appraisals in accordance with the requirements of the applicable standards of GRAP annually.

In estimating the fair value of all investment properties, their current use equates to the highest and best use.

The value of investment property comprising of land and building was determined by using a combination of valuation approaches. Each of these approaches assessed the relevance of each specific property based on their nature, use and comparable market transactions. The preferred valuation methodology applied to vacant land was that of comparable market-related sales based on use, location and extent. In cases where no reasonable comparable sales were available the discounted cash flow methodology was used based on market-related rentals for similar properties. Investment properties were fair valued by Fezi Auditors and Consultants. M Mokoena as valuator, a registered professional accountant (SA), registration number: 42067."

Amounts recognised in surplus or deficit

Rental revenue from Investment property	1,470,734	1,577,884

13. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	7,467,185	-	7,467,185	7,467,185	-	7,467,185
Buildings	45,705,110	(22,883,607)	22,821,503	36,712,605	(22,883,607)	13,828,998
Transport assets	8,960,854	2,557,022	11,517,876	10,849,967	(4,637,737)	6,212,230
Infrastructure	1,913,024,011	(1,186,095,239)	726,928,772	1,845,677,727	(1,068,981,074)	776,696,653
Community buildings and facilities	228,430,989	(133,667,304)	94,763,685	219,767,039	(133,667,304)	86,099,735
Other property, plant and equipment	4,908,634	(10,595,961)	(5,687,327)	14,854,299	(11,651,187)	3,203,112
Solid waste disposal	66,675,503	(64,194,388)	2,481,115	69,561,046	(58,679,086)	10,881,960
Leased assets	2,471,389	(2,308,373)	163,016	2,471,389	(2,191,878)	279,511
Total	**2,277,643,675**	**(1,417,187,850)**	**860,455,825**	**2,207,361,257**	**(1,302,691,873)**	**904,669,384**

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Other changes, movements	Depreciation	Impairment loss	Total
Land	7,467,185	-	-	-	-	7,467,185
Buildings	13,828,998	-	8,992,505	-	-	22,821,503
Transport assets	6,212,230	-	5,551,059	(245,413)	-	11,517,876
Infrastructure	776,696,653	67,275,226	-	(100,610,278)	(16,432,829)	726,928,772
Community	86,099,735	885,172	10,573,271	(2,794,493)	-	94,763,685
Other property, plant and equipment	3,203,112	977,923	(9,494,425)	(373,937)	-	(5,687,327)
Solid waste disposal	10,881,960	-	(2,885,545)	(636,450)	(4,878,850)	2,481,115
Leased assets	279,511	-	-	(116,495)	-	163,016
	904,669,384	**69,138,321**	**12,736,865**	**(104,777,066)**	**(21,311,679)**	**860,455,825**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Transfers received	Prior period error correction	Depreciation	Impairment loss	Total
Land	7,467,185	-	-	-	-	-	7,467,185
Buildings	15,207,496	-	-	-	(801,797)	(576,701)	13,828,998
Transport assets	4,109,967	3,289,970	-	-	(992,755)	(194,952)	6,212,230
Infrastructure	803,120,107	31,485,686	-	(857,440)	(50,145,284)	(6,906,416)	776,696,653
Community	97,765,747	1,225,105	(53,390)	-	(4,961,427)	(7,876,300)	86,099,735
Other property, plant and equipment	3,423,686	1,348,162	-	-	(441,249)	(1,127,487)	3,203,112
Solid waste disposal	23,494,601	-	-	-	(975,612)	(11,637,029)	10,881,960
Leased assets	705,481	-	-	-	(425,970)	-	279,511
	955,294,270	**37,348,923**	**(53,390)**	**(857,440)**	**(58,744,094)**	**(28,318,885)**	**904,669,384**

Pledged as security

None of the property, plant and equipment above is pledged as security for overdraft or financial liabilities of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

13. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Other leased assets	163,016	279,511

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Community	15,809,519	14,924,347
Solid waste disposal	668,921	668,921
Infrastructure	250,467,325	183,629,189
	266,945,765	**199,222,457**

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected or that were halted during the year:

Petrus Steyn to Reitz Pipeline - 15km Water Pipeline The 42km pipeline is build in phases and the 15km phase is almost complete and will be capitalised upon completion of all other phases. The project is delayed due to contractual dispute with contractor and the contract with consultant was terminated. A new consultant was appointed to oversee the completion of the project.	33,505,418	33,505,418
Petrus Steyn to Reitz Pipeline - 5km Water Pipeline The 42km pipeline is build in phases and the 5km phase is almost complete and will be capitalised upon completion of all other phases.	8,831,853	8,831,853
Petrus Steyn to Reitz Pipeline - 10km Water Pipeline The 42 km pipeline is build in phases and the 10km pipe line is practically completed and will be capitalised upon completion of all other phases of the pipeline.	17,436,342	17,436,342
Mamafubedu: Sewer and recycled network and toilet connection project (This project was halted during the year) he project has taken significantly longer period of time to complete than expected. The project value is R 36 237 398 and was funded by MIG for R 29 957 500. Construction has been halted as there has no been any activity for over five years.	22,807,049	22,807,049
	82,580,662	**82,580,662**

Reconciliation of Work-in-Progress 2023 included in property, plant and equipment

	Included within Infrastructure	Included within Community	Solid waste disposal	Total
Opening balance	183,629,189	14,924,347	668,921	199,222,457
Additions/capital expenditure	67,275,226	885,172	-	68,160,398
Transferred to completed items	(437,090)	-	-	(437,090)
	250,467,325	**15,809,519**	**668,921**	**266,945,765**

Reconciliation of Work-in-Progress 2022 included in property, plant and equipment

	Included within Infrastructure	Included within Community	Solid waste disposal	Total
Opening balance	177,803,254	13,699,242	668,921	192,171,417
Additions/capital expenditure	29,804,357	1,225,105	-	31,029,462
Transferred to completed items	(23,978,422)	-	-	(23,978,422)
	183,629,189	**14,924,347**	**668,921**	**199,222,457**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

13. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenance - PPE	3,727,987	13,179,501

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

14. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	529,800	-	529,800	529,800	-	529,800

Reconciliation of heritage assets 2023

	Opening balance	Total
Heritage assets	529,800	529,800

Reconciliation of heritage assets 2022

	Opening balance	Total
Heritage assets	529,800	529,800

15. Deposits

Current deposit	4,272,987	4,098,523

The long-term deposit is held by Eskom for the upgrade done by the municipality to the electricity network.

The long-term deposit bears interest of 5.3% per annum. If the municipality decides to cancel the service agreement with Eskom then the deposit amount will be paid back. If the account to which the deposits relate are in arrears then the deposits will be appropriated towards the specific account.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Borrowings

At amortised cost		
Bank loan	4,117,597	4,878,472
The Development Bank of Southern Africa Limited		

Development Bank of South Africa
Loan:
The original loan amount was R9 600 000 repayable over a 20 year period with a redemption date of 31 December 2024. On 14 August 2017 an agreement was made between DBSA and the Municipality for repayment of outstanding debt and arrears.

DBSA approved the release of collateral ceded to DBSA held by Standard Bank as security for the loans as partial repayment.

The outstanding balance including arrears of the two loans as disclosed below be consolidated into one loan with the same interest rate of 9.26%.

34 month payment arrangement of R 200 000 was agreed by the Municipality to settle the remaining balance of the loan.

Current liabilities		
At amortised cost	4,117,597	4,878,472

Defaults and breaches

The loan from DBSA with principal amount of R7 243 796 (2022: R7 243 796) was in default as a result of not meeting capital repayment requirements as per the contractual arrangements. This was due to cash flow constraints and timing delays. The default has not been rectified before annual financial statements were authorised for issue and resulted in incurrence of Fruitless and Wasteful Expenditure which is disclosed in Note 52.

17. Finance lease obligation

Minimum lease payments due		
- within one year	-	525,279
Present value of minimum lease payments due		
- within one year	-	525,279

It is municipality policy to lease certain equipment under finance leases(printers).

The average lease term was 3 years and the average effective borrowing rate was 17% (2022: 17%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

18. Payables from exchange transactions

Trade payables	790,662,155	630,164,372
Payments received in advanced	10,511,261	10,796,578
Accrued leave pay	8,846,710	11,533,488
Accrued bonus	3,110,194	2,759,051
Salary control account	9,206,450	12,416,795
Unallocated deposits received	1,098,558	1,040,276
Other creditors and accruals	-	(2,889,707)
	823,435,328	**665,820,853**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

19. Consumer deposits

Electricity and water	2,379,858	2,098,638
Housing rental	61,187	51,088
	2,441,045	**2,149,726**

20. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the employee benefit obligation-wholly unfunded	(32,378,325)	(32,816,000)
Non-current liabilities	(30,844,603)	(30,545,689)
Current liabilities	(1,533,722)	(2,270,311)
	(32,378,325)	**(32,816,000)**

Carrying value per benefit		
Long service awards	(7,051,739)	(6,382,000)
Medical aid benefits	(25,326,586)	(26,434,000)
	(32,378,325)	(32,816,000)

Changes in the present value of the employee benefit obligation are as follows:

Opening balance	32,816,000	26,268,124
Benefits paid	(328,637)	(1,031,192)
Net expense recognised in the statement of financial performance	(109,038)	7,579,068
	32,378,325	**32,816,000**

Net expense recognised in the statement of financial performance

Current service cost	1,897,000	1,242,000
Interest cost	3,020,000	2,986,868
Actuarial (gains) losses	(5,026,038)	3,350,200
	(109,038)	**7,579,068**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(5,026,038)	3,350,200

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

20. Employee benefit obligations (continued)

Long service bonus awards (LSA)

The long service awards liability arises from the municipality being a party to the Collective Agreement on Conditions of Service for the Free State Division of SALGBC.

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Long Service Awards Liabilities
The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a percentage of salary. The Valuer has converted the awarded leave days into a percentage of the employee's annual salary and the conversion is based on a 250 working day year.

The calculated award values are discounted at the assumed discount interest rate to the date of calculation. The Valuer also allowed for mortality, retirements and withdrawals from service as set out in the next section of this report. The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable.

Further, the Valuer assumed that the current policy for awarding long service awards remains unchanged in the future. The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The liability is unfunded.

Valuation Assumptions

In estimating the liability for long service leave benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

The most relevant actuarial assumptions used in the valuation are as follows.

Financial variable	Assumed value 2023	Assumed value 2022
Discount rate	10.73%	10.43%
CPI (Consumer Price Inflation)	5.38%	7.22%
Normal Salary Increase Rate	6.38%	8.22%
Net Effective Discount Rate	4.09%	2.04%

Post retirement medical subsidy

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. It is assumed that 100% of all active members on medical aid will remain on medical aid once they retire. It is also assumed that all active members will remain on the same medical aid option at retirement.

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e., no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

20. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Consumer price inflation (C) a	7.71 %	9.02 %
Discount rates used	13.70 %	13.16 %
Health care cost inflation (H)	9.21 %	10.52 %
Net discount rate ((1+D)/(1+H)-1)	4.10 %	2.39 %

Discount rate:
We use the nominal and real zero curves as at 30 June 2023 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Medical Aid Inflation:
The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

It is assumed that medical aid contribution increases would out-strip general inflation by 1,5% per annum over the foreseeable future.

Average Retirement Age:
The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. This assumption had no impact on this valuation, since there were no in-service members eligible to receive the benefits.

Normal Retirement Age:
The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality Rates:
Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables, which was rated downwards 2 years. This is consistent to the assumptions made by the previous Actuaries. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Spouses and Dependants:
It is assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be three years younger than their male spouses at retirement and vice versa.

Figures in Rand	2023	2022

20. Employee benefit obligations (continued)

Continuation at Retirement:
In line with the previous valuation, it has assumed that 90% of eligible employees would continue their benefit in retirement decrements.

Withdrawal
A table setting out the assumed rates of withdrawal from service is set out below:

Age Band	Withdrawal Rate Males	Withdrawal Rate Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	0%	0%
60+	0%	0%

Sensitivity analysis

Medical aid inflation:
The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows:

	(-1%) Medical aid inflation	Valuation assumption	(+1%) Medical aid inflation
Total Accrued Liability	R22,674,517	R25,326,586	R28,491,187
Interest Cost	R1,377,894	R1,571,716	R1,807,897
Service Cost	R3,058,399	R3,421,511	R3,854,841

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Local Government Sector Education Training Authority Grant	24,561	24,561
Integrated National Electrification Programme Grant	1,347	-
Municipal Infrastructure Grant	3,816,970	2,978,102
Expanded Public Works Programme Grant	(625,333)	-
Local Government Financial Management Grant	(125,333)	(66,000)
Water Services Infrastructure Grant	(1,546,009)	5,987,325
Installation of Water Meters Grant	1,775,727	1,775,727
	3,321,930	**10,699,715**

Movement during the year

Balance at the beginning of the year	10,699,715	8,450,058
Additions during the year	68,321,269	46,002,826
Income recognition during the year	(67,481,054)	(37,185,169)
Offset against Equitable share	(8,218,000)	(6,568,000)
	3,321,930	**10,699,715**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 32 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Change in engineering priced quotations and assumptions	Effect of change in discount rate	Changes in site lives, based on more accurate statistics	Interest cost	Total
Environmental rehabilitation	63,206,312	(4,728,357)	(16,547,669)	(887,899)	27,919,756	68,962,143
Legal proceedings	6,097,036	-	-	-	-	6,097,036
	69,303,348	**(4,728,357)**	**(16,547,669)**	**(887,899)**	**27,919,756**	**75,059,179**

Reconciliation of provisions - 2022

	Opening Balance	Change in engineering priced quotations and assumptions	Effect of change in discount rate	Changes in site lives, based on more accurate statistics	Interest cost	Total
Environmental rehabilitation	60,641,430	(21,174,635)	10,474,264	(12,148,268)	25,413,521	63,206,312
Legal proceedings	6,097,036	-	-	-	-	6,097,036
	66,738,466	**(21,174,635)**	**10,474,264**	**(12,148,268)**	**25,413,521**	**69,303,348**

Non-current liabilities	37,223,746	27,529,646
Current liabilities	37,835,433	41,773,702
	75,059,179	**69,303,348**

Methodology

Figures in Rand	2023	2022

22. Irregular expenditure (continued)

The approach to the assessment was to gather as much information as available on each site. The costing model is based on the Minimum Requirements for Waste Disposal by Landfill of the Department of Water Affairs (1998), as amended by more recent regulations. The liability was calculated by using this costing model, which includes costs associated with:

1. Pre-closure planning and approvals;
2. Final rehabilitation and closure; and
3. 30 years post-closure monitoring.

The Landfill Closure and Rehabilitation Costing Methodology (LCRCM) consists of five components:

1. The elements that make up the final rehabilitation and closure costs.
2. Basic unit costs for each cost element.
3. Variables that have an impact on one or more cost elements and result in a loading (positive or negative) on the basic unit cost.
4. A set of algorithms that define the calculation of the amount of the various cost elements by describing the relationship between basic unit costs and the impact of the variables thereon.
5. Discounting of the rehabilitation and closure costs.

The costs are based on actual costs of rehabilitation and closure operations and are reviewed annually to make provision for price increases. A number of variables impact the eventual rehabilitation and closure costs by either increasing or decreasing the basic unit cost.

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate as at 30 June 2023 was 12.62% p.a.. The consumer price inflation of 7.39% p.a. was obtained from the differential between the averages of the Nominal Bond of 12.62% p.a. and the Real Bond 4.87% p.a. (Zero Yield Curves).

The bond rates were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2023. OPES had no access to topographic surveys of the sites. Site boundaries were noted by visual inspections that were done on the day of the audits, and as per indication given by the Waste Manager of Nketoana Municipality. Landfill site life for all operational sites was determined by method A as outlined in DWA Minimum requirements 2nd edition, 1998.

Airspace utilisation is calculated from the IRD. The IRD, expressed in T/day, is multiplied by 260 days (based on a 5 day week) to determine the annual tonnage of waste. By dividing this figure by the average density of the waste (between 0,75 T/m3 to 1,20 T/m3 depending on waste type and compaction efficiency), the volume of waste to be deposited in the first year is determined. By multiplying this volume by 5/4, the total airspace utilisation for the first year is obtained. Airspace utilisation for subsequent years is obtained by escalating the IRD for each year.

The landfill site life is arrived at by matching the available airspace volume for the landfill, arrived at in 1 above, with the cumulative airspace utilisation, in 2 above. The following assumptions were used. No final waste height body modelling of the sites was done as no final end use plan or operating plan was available.

Status of landfill sites

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Irregular expenditure (continued)

Lindley Waste Disposal site:

License Number	B33/2/360/3/P47
Date issued	13/01/1993
Approximate size of the landfill	Approximate size of landfill estimated at 6 Ha. There also seems to be illegal dumping over an area of approximately 0,6 Ha directly north of the site
Approximate remaining life (years)	3 years

Petrus Steyn Waste Disposal site:

License Number	None
Date issued	None
Approximate size of the landfill	None
Approximate remaining life (years)	None
Closure license	(WML/BAR/05/2015) dated 16 September 2016

Reitz Waste Disposal Site:

License Number	WML/1B/12/11
Date issued	November 2012
Approximate size of the landfill	Approximate size of landfill estimated at 9 Ha
Approximate remaining life (years)	6 years

Financial Assumptions used

The following assumptions were used in the financial calculations for closure and post closure:

- The discount rate used as at 30 June 2023 was 12.62%.

- Consumer price inflation was used. The CPI rate used was 7.39%;

- The nominal and real zero curves as at 30 June 2023 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period.

- The net discount rate used was 4.87%.;

- OPES had no access to topographic surveys of the sites. Site boundaries were noted by visual inspections that were done on the day of the audits, and as per indication given by the Waste Manager of Nketoana Municipality. Landfill site life for all operational sites was determined by method A as outlined in DWA Minimum requirements 2nd edition, 1998.

Legal proceedings provisions

There was judgement from a case that deemed the municipality liable against Mr Lekota and the municipality raised provision for the expected outflow.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

23. Revenue

Service charges	211,198,871	184,325,156
Rental of facilities and equipment	1,470,734	1,577,884
Interest received (trading)	135,401,273	92,350,468
Licences and permits	50,716	46,362
Other income	1,347,797	2,721,982
Interest received - investment	611,381	370,232
Property rates	17,216,790	16,196,708
Government grants & subsidies	188,392,054	146,998,169
Fines, Penalties and Forfeits	444,250	538,300
	556,133,866	**445,125,261**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	211,198,871	184,325,156
Rental of facilities and equipment	1,470,734	1,577,884
Interest received (trading)	135,401,273	92,350,468
Licences and permits	50,716	46,362
Other income	1,347,797	2,721,982
Interest received - investment	611,381	370,232
	350,080,772	**281,392,084**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	17,216,790	16,196,708
Transfer revenue		
Government grants & subsidies	188,392,054	146,998,169
Fines, Penalties and Forfeits	444,250	538,300
	206,053,094	**163,733,177**

24. Service charges

Sale of electricity	73,942,220	74,687,166
Sale of water	67,252,262	59,840,002
Sewerage and sanitation charges	41,904,870	25,738,029
Refuse removal	28,099,519	24,059,959
	211,198,871	**184,325,156**

25. Interest received (trading)

Interest received - Electricity	3,207,210	1,691,620
Interest received - Water	28,418,352	20,828,826
Interest received - Sewer and sanitation	14,278,627	10,356,993
Interest received - Refuse	15,707,961	11,774,275
Interest received - Rental and sundry	73,789,123	47,698,754
	135,401,273	**92,350,468**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Rental of facilities and equipment		
Premises		
Rental of sites	1,443,711	1,553,205
Facilities and equipment		
Rental of facilities	27,023	24,679
	1,470,734	**1,577,884**
27. Licences and permits		
Road and Transport	50,716	46,362
28. Other income		
Insurance claims	33,930	-
Cemetery and burial fees	640,256	2,398,987
Tender documents	470,704	209,443
Building plans and clearance certificates	49,043	42,459
Handling fees (connection and disconnection)	69,032	52,290
Incidental cash surplus	84,832	18,803
	1,347,797	**2,721,982**
29. Investment revenue		
Interest revenue		
Bank	611,381	370,232

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

30. Property rates

Rates received

Residential properties-Developed	45,653,690	44,032,742
Less: Income forgone	(28,436,900)	(27,836,034)
	17,216,790	**16,196,708**

Valuations

Residential	1,351,725,000	1,351,725,000
Commercial	302,450,000	302,450,000
State	136,610,000	136,610,000
Municipal	123,023,000	123,023,000
Small holdings and farms	5,469,449,200	5,469,449,200
Place of worship	25,895,000	25,895,000
Public Service Infrastructure	10,206,300	10,206,300
Vacant land	72,288,300	72,288,300
	7,491,646,800	**7,491,646,800**

Valuations on land and buildings are performed every 3 years. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis with the monthly due date stipulated on the statements. Interest is levied on all overdue accounts at prime plus 5%. Collection fees differ based on the nature of the collection process.

The new general valuation was implemented on 01 July 2020.

31. Interest from non-exchange receivables

Interest - Property rates	6,532,584	4,793,696

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Government grants and subsidies

Operating grants

Equitable Share	120,911,000	108,738,000
Municipal Finance Management Grant	2,850,000	2,650,000
Local Government Sector Education Training Authority Grant	192,319	260,380
Expanded Public Works Programme Grant	1,073,000	1,075,000
	125,026,319	**112,723,380**

Capital grants

Municipal Infrastructure Grant	27,669,132	26,621,000
Regional Bulk Infrastructure Grant	32,193,949	7,653,789
Water Services Infrastructure Grant	3,000,000	-
Integrated National Electrification Programme Grant	502,654	-
	63,365,735	**34,274,789**
	188,392,054	**146,998,169**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants recognised	67,481,054	38,260,169
Unconditional grants received	120,911,000	108,738,000
	188,392,054	**146,998,169**

Equitable Share

Current year allocation	120,911,000	108,738,000
Current year receipts - recognised as revenue	(112,693,000)	(102,128,000)
Amount incorrectly withheld from ES	-	(42,000)
Withheld and set-off against unspent conditional grants	(8,218,000)	(6,568,000)
	-	-

The Equitable Share is an unconditional grant and in terms of the Constitution, it is used to subsidise the provision of basic services to indigent community members and indigents receive a monthly subsidies funded from the grant. The allocation as per the DORA for the current financial period was R120,911,000 (2022: R108,738,000).

Local Government Sector Education Training Authority Grant

Balance unspent at beginning of year	24,561	24,561
Current-year receipts	192,319	260,380
Conditions met - transferred to revenue	(192,319)	(260,380)
	24,561	**24,561**

Conditions still to be met - remain liabilities (see note 21).

The SETA grant funding is aimed to address skills that the sector has identified as being scarce and critical and the municipality is thus required to plan and implement training for it's employees and create training and work experience opportunities for unemployed people.

Regional Bulk Infrastructure Grant

Current-year receipts	32,193,949	7,653,789
Conditions met - transferred to revenue	(32,193,949)	(7,653,789)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 21).

RBIG is a schedule 6(b) grant and is in the form of allocations-in-kind to municipalities. The municipality received R32,193,949 (2022: R7,653,789) for qualifying project plans and expenditure.

The grant is used to develop new, refurbish, upgrade and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to pilot regional Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.

Water Services Infrastructure Grant

Balance unspent at beginning of year	5,987,325	1,237,325
Current-year receipts	3,000,000	11,250,000
Conditions met - transferred to revenue	(3,000,000)	-
Funds surrendered/Withheld against equitable share	(7,533,334)	(6,500,000)
	(1,546,009)	**5,987,325**

Conditions still to be met - remain liabilities (see note 21).

WSIG is a schedule 5(b) grant in the form of allocations-in-kind to municipalities and is aimed to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes, provide on-site sanitation solutions, support the existing bucket eradication programme intervention in formal residential areas and support drought relief projects in affected municipalities.

Municipal Infrastructure Grant

Balance unspent at beginning of year	2,978,102	2,980,102
Current-year receipts	28,508,000	26,621,000
Conditions met - transferred to revenue	(27,669,132)	(26,621,000)
Withheld against equitable share	-	(2,000)
	3,816,970	**2,978,102**

Conditions still to be met - remain liabilities (see note 21).

To provide specific capital finance for eradication of basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. The allocation as per the DORA for the financial year was R28,508,000 (2022: R26,621,000) and the municipality received the full allocation.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Government grants and subsidies (continued)

Expanded Public Works Programme Grant

Current-year receipts	1,073,000	1,075,000
Conditions met - transferred to revenue	(1,073,000)	(1,075,000)
Funds surrendered/ withheld against equitable share	(625,333)	-
	(625,333)	**-**

Conditions still to be met - remain liabilities (see note 21).

To provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour incentive delivery methods can be maximised. The allocation as per the DORA for the financial period was R1,073,000 (2022: R1,075,000) and the municipality received the full allocation.

Water Meter Installation Grant

Balance unspent at beginning of year	1,775,727	1,775,727

Conditions still to be met - remain liabilities (see note 21).

Integrated National Electrification Programme Grant

Current-year receipts	504,000	-
Conditions met - transferred to revenue	(502,653)	-
	1,347	**-**

Conditions still to be met - remain liabilities (see note 21).

Municipal Finance Management Grant

Balance unspent at beginning of year	(66,000)	-
Current-year receipts	2,850,000	2,650,000
Conditions met - transferred to revenue	(2,850,000)	(2,650,000)
Funds surrendered/ withheld against equitable share	(59,333)	(66,000)
	(125,333)	**(66,000)**

Conditions still to be met - remain liabilities (see note 21).

The grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA). The allocation as per the DORA for the financial period was R2,850,000 (2022: R 2,650,000) and the municipality received and utilised the allocation.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 3 of 2017), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

33. Fines, Penalties and Forfeits

Building Fines	309,800	382,050
Fines, Penalties and Forfeits	134,450	156,250
	444,250	**538,300**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Employee related costs

Basic salary	93,050,645	95,668,344
Bonus	7,076,643	5,971,868
Acting allowances	2,958,917	2,566,938
Medical aid - company contributions	3,335,107	2,696,773
UIF	925,084	923,436
Skills development levy	1,724,831	1,797,865
SALGA contributions	61,474	60,323
Employee benefits plans	360,363	(2,168,200)
Travel allowances	8,100,640	7,426,532
Overtime payments	8,678,319	7,656,083
Housing benefits and allowances	1,493,613	1,577,464
Pension	17,219,320	16,083,089
Standby allowances	1,983,526	1,553,279
Telephone and other allowances	1,691,000	2,224,947
WCA	44,390	59,446
	148,703,872	**144,098,187**

35. Remuneration of councillors

Mayor	-	433,450
Council salaries	5,618,137	4,728,113
	5,618,137	**5,161,563**

Additional information

The Mayor and Speaker are full-time employees of the Municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker have the use of Council owned vehicles for official duties.

Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative Governance and the framework envisaged in section 219 of the Constitution and any excess has been included and disclosed as irregular expenditure.

No performance bonuses were paid to Councillors in the current or prior year. All bonuses refer to the structuring of remuneration based on individual requests.

36. Depreciation and amortisation

Property, plant and equipment	104,777,066	54,562,326

37. Finance costs

Non-current borrowings	1,120,952	6,796,325
Employee benefits obligation	3,517,000	2,454,000
Trade and other payables	44,611,049	22,010,784
Finance leases	-	27,661
Landfill site provision	6,466,831	264,714
	55,715,832	**31,553,484**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
38. Lease rentals on operating lease		
Motor vehicles		
Contractual amounts	3,288,285	4,798,199
Equipment		
Contractual amounts	3,702	56,678
	3,291,987	**4,854,877**
39. Debt impairment		
Contributions to debt impairment provision	167,762,752	160,314,771
Bad debts written-off	68,564,223	34,439,537
	236,326,975	**194,754,308**

Actual bad debts written off amounted to R68,564,223 (2022: R34,439,537) whilst the increase in the provision for impairment amounted to R167,762,752 (2022: R160,314,771).

40. Repairs and maintenance		
Repairs and maintenance	3,727,987	13,179,501
41. Bulk purchases		
Electricity - Eskom	76,472,953	81,002,773
Water	369,591	628,869
	76,842,544	**81,631,642**
42. Contracted services		
Outsourced Services		
Fleet Services	571,401	3,256,612
Consultants and Professional Services		
IT Services and Financial Information Systems	71,087	3,345,463
Legal and Financial Consulting Services	15,601,570	17,251,009
Contractors		
Specialist Services	378,114	271,072
	16,622,172	**24,124,156**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
43. General expenses		
Advertising	298,659	225,976
Auditors remuneration	11,543,071	8,582,572
Bank charges	734,071	607,063
Bursaries	(32,600)	124,068
Commission paid	952,802	765,414
Conferences, seminars and public events	36,531	183,647
Consumables	16,650,042	11,643,462
Fines and penalties	1,520,728	966,248
Fleet	2,417,801	1,560,537
Fuel and oil	2,470,676	1,381,129
Hire of plant and equipment	16,210,140	23,646,717
Insurance	631,229	1,783,800
Licences	4,849,311	2,404,909
Other expenses	787	-
Postage and courier	(2,604)	20,430
Printing and stationery	278,118	828,921
Security	-	1,969
Subscriptions and membership fees	1,711,764	44,477
Telephone and fax	14,987	58,506
Training	282,087	226,180
Travel - local	3,528,287	3,096,538
Uniforms	86,580	1,188,049
Utilities	9,092,461	16,261,065
	73,274,928	**75,601,677**
44. Fair value adjustments		
Investment property (Fair value model)	8,668,857	20,642,140
45. Gains or losses on biological assets		
Gains or losses arising from a change in fair value less point of sale costs	22,027	(63,812)
46. Impairment loss		
Impairments		
Property, plant and equipment	21,311,679	27,133,597

During the annual asset verification process assets were identified that were damaged or not working as intended.

The main classes of assets affected by impairment losses are:

Infrastructure assets

Other property, plant and equipment

Buildings

47. Auditors' remuneration		
Fees	11,543,071	8,582,572

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
48. Cash generated from operations		
Deficit	(169,829,807)	(189,500,233)
Adjustments for:		
Depreciation and amortisation	104,777,066	58,744,094
Fair value adjustments	(6,940,229)	(4,314,457)
Finance costs	3,020,000	3,014,529
Impairment deficit	21,311,679	28,318,885
Debt impairment	167,762,752	154,194,953
Service costs	1,897,000	1,242,000
Movements in provisions	5,755,831	7,851,918
Contributions paid	(328,637)	(1,031,192)
Transfers	-	53,390
Other non-cash movements in PPE	2,589,183	172,926
Prior period adjustments	-	(4,137,063)
Actuarial (gains)/losses	(5,026,038)	3,350,200
Changes in working capital:		
Inventories	(991,593)	(15,518,631)
Receivables from exchange transactions	(179,814,806)	(138,675,527)
Receivables from non-exchange transactions	(12,798,312)	7,226,297
Statutory receivables	(259,400)	(339,150)
Payables from exchange transactions	157,614,475	126,008,983
VAT	(9,290,055)	(438,771)
Unspent conditional grants and receipts	(7,377,785)	2,249,657
Movement in consumer deposits	291,319	183,040
Deposits	(174,464)	(276,610)
Other financial liabilities	(191,634)	10,181
	71,996,545	**38,389,419**

49. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	192,869,662	42,269,533
Not yet contracted for and authorised by accounting officers		
• Property, plant and equipment	-	21,894,122
Total capital commitments		
Already contracted for but not provided for	192,869,662	42,269,533
Not yet contracted for and authorised by accounting officers	-	21,894,122
	192,869,662	**64,163,655**

This committed expenditure related to property, plant and equipment will be financed by:

Municipal Infrastructure Grant
Regional Bulk Infrastructure Grant
Water Services Infrastructure Grant

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

50. Contingencies

Contingent Liabilities

Litigations

Eskom:	500,000,000	-
Nketoana Local Municipality obtained an interdict against Eskom not to cut the power. The account is being disputed. Excess of R500,000,000.		
Lekota (Pty) Ltd:	810,000	-
The Plaintiff in this matter, issued summons against the municipality after sustaining injuries from a motor vehicle accident.		
N and C Maintenance and Spares (Pty) Ltd:	484,259	484,259
Litigation is in process against the municipality relating to a dispute with N and C Maintenance and Spares (Pty) Ltd for claim relating to repair and/ or supply of water plant equipment. The claim amount is R 484 258,54		
Bila Mashamba Attorneys:	800,000	-
Litigation is in process against the municipality relating to legal fees.		
Sefantsi:	300,000	-
Litigation is in process against the municipality relating to a dispute in terms of the decision to appoint the municipal manager.		
Telkom SA SOC LTD:	143,801	143,801
Litigation is in process against the municipality relating to a dispute with Telkom SA SOC LTD (Pres. Swart & Walker streets). The claim amounts to R 143 800,76.		
Blueberry Trading CC & 1 other:	400,000	400,000
Claim for damages resulting from a veld fire was instituted against the municipality.		
FCC Van Tonder:	287,742	287,742
Action was taken against the municipality for damages resulting from a feldfire in which the municipality was allegedly negligent as land owner. The claim amount is R 287 745.		
Selacor Investment:	1,221,864	-
Claim for services rendered and not paid. Summons was issued against the municipality.		
Rantoa:	2,400,000	-
Claim for services rendered and not paid. Summons was issued against the municipality. (Plant Hire & Pipeline)		
Getto-Fabulous:	4,083,734	-
Claim for services rendered and not paid. Summons was issued against the municipality.		

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
50. Contingencies (continued)		
AGSA:	5,854,177	-
Claim for services rendered and not paid. Summons was issued against the municipality.		
Siswa Trading:	6,986,782	-
First claim for services rendered and not paid. Summons was issued against the municipality.		
Siswa Trading:	3,485,835	-
Second claim for services rendered and not paid. Summons was issued against the municipality.		
Phatsoane Henney Attorneys Inc:	600,976	-
Claim for services rendered and not paid. Summons was issued against the municipality.		
Makhubo:	400,000	-
CFO labour dispute with regard to recession of appointment of CFO		
Bila Mashamba Attorneys	800,000	-
Litigation pending, Plantiff need to tax their legal account before Nketoana is liable to pay.		
Expansion of the Reitz water treatment works holding dam	400,000	-
Awaiting the outcome of our legal appeal in terms of S24(g).		
	529,459,170	**1,315,802**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

51. Related parties

Relationships	
Accounting Officers	Monyane Sefantsi (Contract ended) Mokete Nhlapo (Appointed December 2022)
Councillors and Controlled Entities	Smit A (None); Blignaut M (Monaufaic Beleggings, M Blignaut Boerdery, NG Welsyn Reitz Tehuis, NG Welsyn Reitz-tehuis, NG Welsyn Reitz wooneenhede, Agristan SA); Makoba BM (Speaker) (Ibutho Multi-purpose co-operation limited, Buyiphila Trading); Mofokeng DI (Multi approach investment); Mofokeng LJ (None); Dlamini PP (J-Sexion Consulting, Donato Creative works); Mosia ME (Maletsatsi Konstruksie, Sohlasonke Construction, Phuthanang Catering, Sanaco Phutang Secondary Co-operative limited, South African Social Service tertiary co-operative limited, K2019435465 (SOUTH AFRICA)); Muller HMC (None); Mofokeng Kgantshe (Puretec Construction); Mofokeng K (None); Nhlapo LG (None); Bosman ML (None); Miya LF (None); Molakeng KL (None); Mabaso MA (None); Mofokeng PP (None); Mokoena TE (None); Mokoena MT (Mayor) (None)
Members of key management	Jabulani Leonard Makubu (Kgatelopele Advisory Services, Eclipse Investment Holdings, Dihlabeng ANC LET, Dihlabeng LET); Mokete Solomon Nhlapo (Kido Consultancy); Patricia Motlanalo Morokolo (Katlego Hair salon, MKM Project Managers, K2015207795 (South Africa), MKTT Salon and Transport, LKT Consulting and projects); Makheo JM (None); Moeketsi Letsela (Small green garden centre, Lapoloha restaurant, Thabo Mofutsanyane Goodman football academy, Thanks farm Enterprise, Moelet Group)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

51. Related parties (continued)

Key management information

Mayor	Mokoena MT
Councillors	Dlamini PP Makhoba BM (Speaker) Mofokeng K Mosia MJ Mokoena TE Mofokeng K Muller HMC Mofokeng PP (Chief Whip) Mabaso MA Mofokeng DI Smit A Blignaut M Miya LF Bosman ML Nhlapo LG Molakeng KL Mofokeng LJ

Notes to the Annual Financial Statements

Figures in Rand

51. Related parties (continued)

Remuneration of management

Management class: Councillors

2023

Name	Basic salary	Travel, Cell phone, Oversight Allowance	Contributions to UIF, medical aid & pension fund	Total
Mayor	860,859	259,547	150,891	1,271,297
Councillors	4,239,273	887,108	708,182	5,834,563
Chief Whip	360,193	112,507	67,049	539,749
Speaker	568,688	232,507	259,583	1,060,778
	6,029,013	**1,491,669**	**1,185,705**	**8,706,387**

2022

Name	Basic salary	Travel, Cell phone, Oversight Allowance	Contributions to UIF, medical aid & pension fund	Total
Mayor	585,822	216,289	11,449	813,560
Councillors	5,373,191	-	516,589	5,889,780
Chief Whip	210,113	99,007	-	309,120
Speaker	400,597	153,756	6,536	560,889
	6,569,723	**469,052**	**534,574**	**7,573,349**

Additional information

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Notes to the Annual Financial Statements

Figures in Rand

51. Related parties (continued)

Management class: Executive management

2023

Name	Basic salary	Bonuses and performance related payments	Pension and Medical Aid	Other Allowances	Acting allowance	Total
Municipal Manager - Mr. M Nhlapo	621,298	-	-	41,255	92,012	754,565
Municipal Manager - Mr. Sefantsi	264,159	27,859	30,747	83,993	-	406,758
Chief Financial Officer	652,986	-	-	83,382	-	736,368
Director Technical Services	596,344	90,000	247,654	4,499	-	938,497
Director Community Services	381,250	-	-	240,146	-	621,396
Director LED	519,234	-	149,894	41,443	-	710,571
Director Corporate Services	470,295	-	-	211,295	-	681,590
	3,505,566	**117,859**	**428,295**	**706,013**	**92,012**	**4,849,745**

2022

Name	Basic salary	Cellphone and housing	Car/travel allowance	Total
Municipal Manager	1,108,126	178,000	192,000	1,478,126
Director Corporate Services	942,319	36,000	42,000	1,020,319
Director Technical Services	593,751	18,000	156,000	767,751
Director Community Services	661,407	36,000	168,000	865,407
	3,305,603	**268,000**	**558,000**	**4,131,603**

No performance bonuses were paid to Executive Directors in the current or prior year. All bonuses refer to salary structuring based on individual requests.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

52. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Inventories		1,174,574	16,263,872	17,438,446
Receivables from non-exchange transactions		8,533,928	(373,805)	8,160,123
Receivables from exchange transactions		36,409,501	2,566,946	38,976,447
VAT receivable		19,776,654	1,099,183	20,875,837
Investment property		111,258,440	4,378,269	115,636,709
Property, plant and equipment		905,700,047	(1,030,663)	904,669,384
Deposits		4,009,240	89,283	4,098,523
Payables from exchange transactions		(637,228,541)	(28,592,312)	(665,820,853)
Employee benefit obligations		(32,816,000)	-	(32,816,000)
Unspent conditional grants		(13,132,058)	2,432,343	(10,699,715)
Provisions		(64,016,312)	(5,287,036)	(69,303,348)
Accumulated surplus		(343,117,222)	8,453,920	(334,663,302)
		(3,447,749)	**-**	**(3,447,749)**

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Restated
Service charges		(183,405,610)	(919,546)	(184,325,156)
Other income		(1,074,582)	(1,647,400)	(2,721,982)
Property rates		(16,190,633)	(6,075)	(16,196,708)
Government grants and subsidies		(146,998,169)	(2,432,343)	(149,430,512)
Employee related costs		127,051,428	17,046,759	144,098,187
Remuneration of councillors		5,652,458	(490,895)	5,161,563
Depreciation and amortisation		53,704,887	857,439	54,562,326
Finance costs		33,747,623	(2,194,139)	31,553,484
Lease rentals on operating lease		(2,581,259)	7,436,136	4,854,877
Repairs and maintenance		21,642,572	(8,463,071)	13,179,501
Bulk purchases		75,721,476	5,910,166	81,631,642
Contracted services		22,506,420	1,617,736	24,124,156
General expenses		70,667,521	4,934,156	75,601,677
Fair value adjustments		-	(20,642,140)	(20,642,140)
Surplus for the year		**60,444,132**	**1,006,783**	**61,450,915**

Errors

The following prior period errors adjustments occurred:

Figures in Rand	2023	2022

52. Prior-year adjustments (continued)

1. Reclassification of expenditure items:

During the period under review, the expenditure classification was tested, and various errors were identified. These errors were retrospectively adjusted. The effect of the correction of the error is summarised below:

Increase in Employee related costs	R1,145,309
Decrease in Finance costs	(R4,574,981)
Increase in Lease rentals	R7,436,136
Decrease in repairs and maintenance	(R8,463,071)
Decrease in Contracted services	(R1,617,736)
Increase in General Expenditure	R2,833,504

2. Revenue and receivables:

During the period under review certain billings adjusted to correct the prior year matters. The comparative figures for 2020/21 and 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Receivables from non-exchange transactions	R6 075
Decrease in Receivables from exchange transactions	R2,187,077
Decrease in Accumulated surplus	(R2,193,153)

3. Completeness of expenditure (Bulk purchases):

During the period under review, bulk purchases were identified that was not previously recorded. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Municipal services	R12,525
Decrease in Bulk purchases	(R12,525)
Increase in Trade and other payables	(R6,811,094)
Increase in VAT Receivable	R888,404
Increase in Bulk purchases	R5,922,691
Increase in Finance costs	R2,415,481
Increase in Trade and other payables	(R2,415,481)
Increase in Finance costs	R177,192
Increase in Trade and other payables	(R177,192)

4. Audit fees:

During the period under review, a classification error was identified that was not previously corrected. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Audit fees	R209,294
Increase in VAT Receivable	R2,903
Decrease in Finance costs	(R212,197)

5. Unspent conditional grants:

During the period under review, WSIG grant expenses were identified that was not previously recognised. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Government grants and subsidies	R2,432,343
Decrease in Unspent conditional grants	(R2,432,343)

6. Clearing of salary control account:

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

52. Prior-year adjustments (continued)

During the period under review, the salary control account was cleared. These transactions relate to the prior year financial year. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Employee related costs	R3,245,423
Decrease in Trade and other payables	(R3,245,423)

7. Investment properties and inventory consumed:

During the period under review, it was found that the valuations for investment properties are incorrect. It was also found that inventory items were incorrectly included under investment properties. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Inventory consumed	R13,365,567
Decrease in Investment properties	(R13,365,567)
Increase in Investment properties	R20,642,140
Increase in Fair value adjustments	(R20,642,140)
Increase in Inventory consumed	R2,927,304
Decrease in Investment properties	(R2,927,304)

8. Provisions and Accruals:

During the period under review, the populations for current liabilities were reviewed and certain errors were identified (with specific reference to invoices not accounted for). These transactions relate to the prior year financial year. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Deposits	R89,283
Increase in VAT receivables	R207,876
Increase in Provisions	(R5,287,036)
Increase in Trade and other payables	(R1,924,149))
Decrease in Retained earnings	R6,914,026

9. Employee related costs:

During the period under review, there were misallocations identified within employee related costs and the salary control account. These transactions relate to the prior year financial year. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Trade and other payables	(R14,930,121)
Increase in Employee related costs	R14,930,121

10. Employee benefit obligations:

During the period under review, the population for employee benefit obligations was reviewed and certain errors were identified. These errors in the estimate relate to the prior year financial year. The comparative figures for the 2021/22 financial year have been restated. The effect of the correction of the error is summarised below:

Increase in Employee benefit obligations	(R5,599,693)
Increase in Employee related costs	R5,599,693

11. Property, plant and equipment:

During the period under review, asset verifications were performed, and the asset registers were adjusted. An error with the depreciation charge was identified. The error was retrospectively adjusted. The effect of the correction of the error is

Figures in Rand	2023	2022

52. Prior-year adjustments (continued)
summarised below:

Decrease in Property, plant and equipment	(R1,030,663)
Decrease in Retained earnings	R173,223
Increase in Depreciation	R857,440

12. Inventory:

During the period under review opening balances on consumable stores were written-down by passing journals to correct the prior year matters. The error was retrospectively adjusted. The effect of the correction of the error is summarised below:

Decrease in Consumables (Inventory)	(R179,897)
Decrease in Retained earnings	R179,897
Decrease in Consumables (Inventory)	(R981,271)
Increase in Materials and supplies (Inventory)	R981,271

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

53. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 180,159,542 and that the municipality's total assets exceed its liabilities by R 180,159,542.

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the municipality is funded by national government through division of revenue and that the accounting officer continues to implement other revenue enhancement and debt recovery strategies.

The following significant indicators indicates that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern ability, evident as per the statement of financial performance and statement of financial position. These uncertainties cast significant doubt regarding the going concern of the municipality as of 30 June 2023 and thus management have assessed and disclosed these on herewith:

The municipality experienced significant cashflow constraints throughout the financial period ended 30 June 2023 and the bank balances at year end is indicative of the depleted cash reserves.

The municipality incurred a significant operating deficit of R169,870,807 (2022: R189,500,233).

The municipality's current liabilities exceed its current assets by a significant value of R741,015,329 (2022: R633,382,281) and creditors were not paid within 30 days as legislated.

The municipality has legal claims against them amounting to R529,459,170 (2022: R1,315,802). Refer to note 50 for details.

The municipality's cash at hand and bank balances does not cover its creditors when they fall due. The municipality owes Eskom a significant amount of R673,803,109 as of 30 June 2023 and has no debt payment agreement/arrangement.

The municipality has significant contingent liabilities which could severely impact the municipality's cash outflows should the alleged actions become successful.

Management has prepared a projected 12-month cashflow forecast and budget for the 2024 financial period has been prepared and the forecasts indicates that the municipality will be able to generate adequate cashflows to cover the short term liabilities and obligations as they arise but could possibly be in an overdraft position at the end of the 2024 financial period.

After the management has identified indicators and performed assessment and evaluation, the annual financial statements are prepared on a going concern basis as the municipality will likely continue operations.

Further to the going concern assessment that has been performed, the municipality has confidence that the short term financial situation will turn around through the funding plan the has been adopted by Council.

1. *Reduction in non-core expenditure:*

Identify and list non-core expenditure:
- Finance costs
- Legal fees
- Consulting fees

Reduce non-core expenditure by at least 50 percent as follows:
- FY 2023/24 – 30 per cent
- FY 2024/25 – 20 per cent

Consulting and Professional fees:

Figures in Rand	2023	2022

53. Going concern (continued)

Decreasing the scope of consultants – The municipality has started to reduce the scope of consultants (AFS, FAR, VAT, legal) and also focus on a transfer of skills from consultants to officials during the remaining contractual terms. This will capacitate officials and reduce non-core expenditure.

Not renewing contracts – Where necessary skills are already with officials and consultant contracts close to expiry, the municipality will not renew contracts and rely on its own resources.

Filling vacancies in critical areas – Where consultants are performing tasks left undone by the municipality due to vacancies the municipality will first fill vacancies; then start with capacitation/skills transfer as the consultant scope is reduced; and finally allow contracts to expire without renewal.

Conferences and Seminars:

COVID-19 also caused a reduction in these non-core expenses and the municipality aims to keep these fees as low as possible and within the cost-containment policy.

2. *Addressing Trade Payables:*

Eskom credit - The approved debt relief application will allow the municipality to reduce finance charges significantly as the main contributor was the overdue ESKOM account and the related costs.

Other creditors – Making arrangements with creditors to make interval payments, so as to manage the cash flow.

3. *Revenue Enhancement:*

The approved Council Revenue Enhancement Strategy/Plan is to be revised and implemented. The said plan is aimed at recovery of expenditure; the recovery of non-core expenditure from the party creating such expenditure and thus preventing cross-subsidizing of these expenditures by other residents (especially the poor); protection of assets to reduce maintenance and depreciation costs; an increase in the limited revenue base of the municipality; ensuring a healthy and safe environment for all residents also with the intention to create better relationships and a culture of paying for services. The said plan includes, but is not limited to, aspects such as:

- Performing site audits by service departments to ensure that the monthly billing is in accordance with the services rendered (including businesses in residential areas, renting of rooms, guesthouses, additional units erected, etc.) and the legality of these alterations;

- Health and safety audits to ensure that traffic/health laws are obeyed; trucks are limited to approved roads and entrances; removal of heavy vehicles overnight in town; animals in residential areas are removed; sport and other facilities are controlled and paid for, etc.;

- Installing of pre-paid water meters with the possibility of reduced rates for those occupants, also aimed at sites where no water meters are currently installed.

- Finalizing of the legal processes with the assistance of the newly appointed Legal Manager to get the legal processes on outstanding debt re-activated;

- Ensuring monthly meter readings for the correctness of billings and statistical information for management and performance processes;

- Ensuring that lease agreements are drawn up and/or renewed on all properties of the municipality;

- Follow up site audits on random sites to ensure the site usages of services remain within the approved and billed services;

- Frequent audits on lists supplied by the Finance Department where variations occur on metered usages;

- Increased consultation with the community via Ward Councilors on legal requirements of service delivery; etc.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

54. Events after the reporting date

On 27 September 2023, the High Court instructed the Sheriff of the Court to execute a public auction on the movable assets of the municipality to recover R5,278,694.45, and settle the claim of Rudnat Projects CC against the municipality with the funds generated.

On 31 July 2023, the municipality applied for municipal debt relief at the National Treasury. On 30 August 2023, the application was approved by National Treasury. The municipal debt relief program will entail National Treasury's assistance in settling the Eskom debt over a period of 36 months.

No other subsequent events were identified.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

55. Unauthorised expenditure

Opening balance as previously reported	810,658,560	581,167,415
Opening balance as restated	**810,658,560**	**581,167,415**
Add: Expenditure identified - current	170,126,896	229,491,145
Closing balance	**980,785,456**	**810,658,560**

The unauthorised expenditure was incurred because to the overspending of the budget and the main divisions in the budget. The overspending was driven by the fact that non-cash items were not properly budgeted for and it resulted in certain of the items within the budget votes not being allocated sufficient funding.

The Executive and Council vote had no unauthorised expenditure for the 2023 and 2022 financial years respectively.

Unauthorised expenditure: Budget overspending – per municipal vote:

Water	39,137,026	-
Roads transport	22,512,677	-
Waste management	19,685,307	120,157,941
Electricity	5,249,521	-
Community and social services	-	450,149
Planning and development	-	49,629
Finance and administration	78,386,809	89,667,685
Waste water	4,824,048	18,690,395
Housing	331,508	222,312
Other	-	253,034
	170,126,896	**229,491,145**

Recoverability of unauthorised expenditure

No investigations in terms of Section 32 of MFMA were finalised during the current financial year.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

56. Fruitless and wasteful expenditure

Opening balance as previously reported	149,264,976	126,954,675
Opening balance as restated	**149,264,976**	**126,954,675**
Add: Expenditure identified - current	47,655,198	22,310,301
Closing balance	**196,920,174**	**149,264,976**

The current year fruitless and wasteful expenditure relates to interest and penalties on overdue submissions and accounts.

No investigations in terms of Section 32 of MFMA were finalised during the current financial year.

57. Irregular expenditure

Opening balance as previously reported	426,883,446	386,068,200
Opening balance as restated	**426,883,446**	**386,068,200**
Add: Irregular Expenditure - current	53,046,824	40,815,246
Closing balance	**479,930,270**	**426,883,446**

Incidents/cases identified in the current year include those listed below:

Non-compliance with SCM regulations	53,046,824	40,815,246

Recoverability steps taken/criminal proceedings

No investigations in terms of Section 32 of MFMA were finalised during the current financial year.

Irregular expenditure is disclosed inclusive of VAT.

58. Deviation from supply chain management regulations

	2023	2022
Deviations from SCM processes	1,270,224	4,028,593

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. 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.

The following are the deviation amounts and reasons:

Emergency deviation R1 270 224 (2022: R4 028 593) .

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

59. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	4,285,825	2,746,868
Current year subscription / fee	1,691,020	1,538,957
Amount paid - current year	(1,600,000)	-
Adjustment	7,705	-
	4,384,550	**4,285,825**

Contributions to organised local government consist of annual subscriptions paid to SALGA.

Material distribution losses

Electricity	24,566,600	27,514,123
Water	8,480,129	9,945,842
	33,046,729	**37,459,965**

Distribution losses - Water
The water losses are mainly due to metering inefficiencies, burst pipes and leaks in the reticulation network. In the current year the water losses were 21.13% (2022: 27.75%).

Kl - units	727 284	1 039 273
Percentage	21.13%	27.75%

Distribution losses - Electricity
In the current year the energy losses were 32.12% (2022: 36.64%) and the losses were as a result of theft, vandalism, faulty meters and variances in monthly consumption estimates. Management has determined that these losses are not recoverable.

kWh - units	R15,944,423	R21,698,387
Percentage	32.12%	36.64%

The electricity distribution loss comprises of technical and non-technical losses. The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold.

Non-technical losses:
Non-technical losses are amongst others the result of administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption, faulty meters, etc.

Technical losses:
Technical losses are the result of electricity losses while being distributed from the source of generation through the transmission and distribution network to the final consumer. Technical losses are inherent to the supply of electricity via lines and is further affected by the condition and age of the network, the weather conditions and load on the system. The wires (copper or aluminium) being used to distribute electricity has certain resistance which resist the throughput of current, as a result there is a certain portion of electricity that is lost due to distribution.

Audit fees

Opening balance	6,653,785	3,314,005
Current year fees and interest	15,497,547	10,318,642
Amount paid - current year	(9,078,480)	(5,445,565)
Amount paid - previous years	-	(1,533,397)
Adjustments	(3,521,223)	-
	9,551,629	**6,653,685**

Included in the above reconciliation is an amount of R1,669,842 (2022: R1,133,364) that was paid on behalf of the municipality, by the Provincial Treasury. This payment relates to the 1% allocation.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

59. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	11,125,135	4,495,960
Current year deductions	18,375,227	19,497,291
Amount paid - current year	(23,993,251)	(12,868,116)
	5,507,111	**11,125,135**

Pension and Medical Aid Deductions

Opening balance	8,862,579	2,583,948
Current year deductions	31,631,963	29,636,805
Amount paid - current year	(32,306,386)	(23,358,174)
	8,188,156	**8,862,579**

VAT

VAT receivable	30,165,892	20,875,837

The amount presented in this note includes VAT accounted for on an accrual basis thus not recoverable from SARS. The VAT receivable/(payable) on cash basis is (R 795 051) (2022: R 795 051).VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Makgwakgweng T	-	7,825	7,825

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2022	Highest outstanding amount	Aging (in days)
Councillor Makgwakgweng T	7,825	90

Investments as at the end of the financial year

The municipality had the following investments as at the end of the financial year

Summary of all investments		
ABSA - Account Number 9074155973 Call account	605,892	605,892
Other financial assets	1,866,953	1,866,953
Other financial assets includes shares held at VKB Agricultural (Pty) Ltd and other bonds as disclosed in note 4.		
	2,472,845	**2,472,845**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Non-compliance with the Municipal Finance Management Act

Instances of non-compliance with the MFMA and related regulations occurred and were identified during the year and include among others:

Non-compliance with SCM Regulations that resulted in Irregular expenditure reported these annual financial statements. Monies owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Unauthorised, Irregular, 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)(a) of the MFMA.

The municipality has not prepared a funded budget as required in terms of the MFMA and regulations.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

60. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Other financial assets	2,048,406	2,048,406
Receivables from exchange transactions	63,219,370	63,219,370
Receivables from non-exchange transactions	8,767,566	8,767,566
Other receivables	7,980,336	7,980,336
Other statutory receivables	781,386	781,386
Deposits	4,272,987	4,272,987
Cash and cash equivalents	1,574,547	1,574,547
	88,644,598	**88,644,598**

Financial liabilities

	At amortised cost	Total
Borrowings	4,117,597	4,117,597
Trade and other payables from exchange transactions	802,271,974	802,271,974
Consumer deposits	2,441,045	2,441,045
	808,830,616	**808,830,616**

2022

Financial assets

	At amortised cost	Total
Other financial assets	1,856,772	1,856,772
Other receivables	7,980,336	7,980,336
Other statutory receivables	521,986	521,986
Receivables from non-exchange transactions	8,160,123	8,160,123
Receivables from exchange transactions	38,976,447	38,976,447
Deposits	4,098,523	4,098,523
Cash and cash equivalents	2,477	2,477
	61,596,664	**61,596,664**

Financial liabilities

	At amortised cost	Total
Borrowings	4,878,472	4,878,472
Finance lease obligations	525,279	525,279
Trade and other payables from exchange transactions	639,111,519	639,111,519
Consumer deposits	2,149,726	2,149,726
	646,664,996	**646,664,996**

Financial instruments in Statement of financial performance

2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

60. Financial instruments disclosure (continued)

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	135,401,273	135,401,273
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(44,950,615)	(44,950,615)
	90,450,658	**90,450,658**

2022

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	92,350,468	92,350,468
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(28,053,384)	(28,053,384)
	64,297,084	**64,297,084**

61. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and procedures for measuring and managing financial risks. Further quantitative disclosures are included in the annual financial statements.

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's audit committee oversees the monitoring of compliance with the municipality's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the municipality. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipal entity through internal risk reviews which analyse exposures by degree and magnitude of risks. These risks include the following:
- liquidity risk;
- credit risk; and
- market risk (including interest rate risk).

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on interest rate risk and credit risk. Compliance with policies and exposure limits is reviewed by the internal auditors were applicable. The municipality does not enter into or trade in financial instruments for speculative purposes.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

61. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's exposure to liquidity risk is as a result of the funds not being available to cover future commitments. The municipality manages liquidity risk through ongoing review of commitments.

The municipality has started to improve the cash funds available, however there is still a liquidity risk. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The municipality has however defaulted on payables and lease commitment payments. Certain suppliers with debt is exceeding 30 days.

All of the municipality's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the municipality.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management reviews credit risk annually when the impairment and discounting of receivables are performed. Risk control mainly assesses the payment patterns of the consumers.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Receivables from non-exchange transactions	8,767,566	8,160,123
Receivables from exchange transactions (Consumer debtors)	63,219,370	38,976,447
Cash and cash equivalents	1,574,547	2,477
Other financial assets	750,590	780,125
Other receivables	7,980,336	7,980,336

Market risk

Market rate risk

The municipality has no exposure to financial risks arising from changes in market prices.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

61. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year-end, financial instruments exposed to interest rate risk due to being linked to prime interest rate were as follows:
- Call and notice deposits/investments
- Current bank accounts
- Interest charged on consumer receivables from exchange transactions overdue

The municipality's interest rate risk arises from the above financial instruments being linked to the prime interest rate. The prime interest rate is used as a factor in calculating the interest received or interest charged on these financial instruments. Fluctuations in the prime interest rate during the year give rise to a possible interest rate risk affecting the municipality.

Interest charged on customers' account and or received from investment are calculated using the prime rate at the beginning of the financial year. Since this interest rate is only based on prime rate at one point during the financial year, fluctuations in prime during the year will not have a material effect on these financial instruments.

Fair values
The municipality's financial instruments consist mainly of cash and cash equivalents, investments, trade receivables, trade payables and long term debt.

No financial asset was carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents:
The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities

Investments:
Investments are carried at their original cost in the statement of financial position, except for those where the interest received are capitalised that are carried at amortised cost. Some of the financial assets held by the municipality are carried at fair value were fair value is can be ascertained.

Receivables from exchange transactions:
The carrying amount of trade receivables, net of provision for impairment (provision for bad debt) approximates fair value due to the relatively short-term maturity of these financial assets.

Trade payables:
The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest bearing loans:
Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

62. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	4,117,597	4,878,472

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

63. Segment information

General information

Identification of segments

The municipality is organised into seven directorates(votes) for management purposes. The votes are further allocated into four functional areas that relate to Governance and administration,Community and public safety, Economic and environmental services,Trading services.

Community and public safety, Economic and environmental services,Trading services functional areas have been identified as reportable segments. Management monitors the operating results of these units to make decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units. Segments activities were aggregated for reporting purposes into the two reportable segments.

The Governance and administration is a support function and its results are has also been identified to be a separately reportable segment to reconcile the results of the trading 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 wastewater 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.

Aggregated segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Free State were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community and public safety	Include sport and recreation, housing, public safety, housing, health, street cleaning and cemeteries; etc
Economic and environmental services	Planning and development, Road Transport and environmental protection
Trading services	Technical services which include energy sources, water management, and wastewater management

63. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Segment surplus or deficit

2023

	Revenue from non-exchange transactions	Revenue from exchange transactions	Interest revenue	Other revenue	Total Segment revenue	Salaries and wages	Depreciation and amortisation	General expenses (including finance charges)	Total Segment expenditure	Total segment (deficit) surplus
Revenue										
Community services	309,200	647,831	-	-	957,031	37,252,542	250,880	7,954,010	45,457,432	(44,500,401)
Electricity	637,104	73,942,220	3,207,209	-	77,786,533	8,165,269	43,190,900	95,647,361	147,003,530	(69,216,997)
Executive council	-	-	-	-	-	12,982,594	-	19,350,667	32,333,261	(32,333,261)
Finance and administration	139,485,293	2,074,312	74,400,504	13,716,922	229,677,031	28,879,507	1,734,473	171,802,751	202,416,731	27,260,300
Housing	8,218,000	32,588	-	-	8,250,588	4,089,208	-	1,300	4,090,508	4,160,080
Local economic development	-	-	-	-	-	1,756,350	-	77,655	1,834,005	(1,834,005)
Roads transport	27,669,132	50,716	-	-	27,719,848	11,737,626	26,597,129	18,801,755	57,136,510	(29,416,662)
Waste management	1,073,000	28,099,519	15,707,961	-	44,880,480	10,120,536	636,450	48,996,322	59,753,308	(14,872,828)
Waste water	-	41,904,870	14,278,627	-	56,183,497	12,292,005	-	48,165,042	60,457,047	(4,273,550)
Water	35,193,949	67,316,061	28,418,352	-	130,928,362	21,143,078	32,367,234	89,915,714	143,426,026	(12,497,664)
Total	**212,585,678**	**214,068,117**	**136,012,653**	**13,716,922**	**576,383,370**	**148,418,715**	**104,777,066**	**500,712,577**	**753,908,358**	**(177,524,988)**
Entity's revenue					**576,383,370**					
Other reconciling items										
Unallocated salaries										(285,155)
Write-off of other receivables										7,980,336
Entity's Surplus (deficit) for the period										**(169,829,807)**

63. Segment information (continued)

2022

	Revenue from non-exchange transactions	Revenue from exchange transactions	Interest revenue	Other revenue	Total Segment revenue	Salaries and wages	Depreciation and amortisation	General expenses (including finance charges)	Total Segment expenditure	Total segment (deficit) surplus
Revenue										
Community services	766,254	380,850	-	-	1,147,104	23,041,988	-	7,743,652	30,785,640	(29,638,536)
Electricity	74,091,290	156,250	1,691,620	-	75,939,160	7,838,947	4,526,087	101,821,372	114,186,406	(38,247,246)
Executive council	-	-	-	-	-	13,515,656	-	17,805,674	31,321,330	(31,321,330)
Finance and administration	1,820,207	132,657,909	48,068,986	(55,812)	182,491,290	29,000,765	7,181,949	156,322,389	192,505,103	(10,013,813)
Housing	11,677	-	-	-	11,677	3,792,989	-	21,322	3,814,311	(3,802,634)
Local economic development	-	-	-	-	-	1,418,359	-	29,270	1,447,629	(1,447,629)
Roads transport	46,362	33,121,000	-	-	33,167,362	10,950,832	19,393,996	9,744,531	40,099,359	(6,931,997)
Waste management	24,061,980	1,075,000	11,774,275	-	36,911,255	9,771,156	(3,746,928)	51,930,965	57,955,193	(21,043,938)
Waste water	25,738,029	-	10,356,993	-	36,095,022	11,232,748	-	39,067,728	50,300,476	(14,205,454)
Water	59,892,292	8,654,109	20,828,826	-	89,375,227	19,575,151	26,349,783	96,094,020	142,018,954	(52,643,727)
Total	**186,428,091**	**176,045,118**	**92,720,700**	**(55,812)**	**455,138,097**	**130,148,591**	**53,704,887**	**480,580,923**	**664,434,401**	**(209,296,304)**
Entity's revenue					**455,138,097**					
Other reconciling items										
Unallocated salaries										(253,034)
CaseWare journals not on system										20,049,108
Entity's Surplus (deficit) for the period										**(189,500,230)**

63. Segment information (continued)

Segment assets and liabilities

2023

	Total segment assets	Total segment liabilities
Community services	45,203,124	(3,588,815)
Electricity	285,548,308	(506,288,186)
Executive council	(95,532,449)	28,276,279
Finance and administration	835,721,809	(445,805,214)
Housing	(118,139)	29,750
Local economic development	(516,436)	(86)
Roads transport	(2,617,151)	(5,654,787)
Waste management	(96,543,772)	(9,665,751)
Waste water	19,110,208	1,398,867
Water	100,059,941	(12,837,920)
Total segment assets	**1,090,315,443**	**(954,135,863)**
Reconciling items		
Unallocated assets	(78,950)	-
CaseWare journals not on system	30,676,454	13,382,456
Total as per Statement of financial Position	**1,120,912,947**	**(940,753,407)**

63. Segment information (continued)

2022

	Total segment assets	Total segment liabilities
Community services	67,928,343	(15,270,779)
Electricity	258,033,984	(373,938,096)
Executive council	(79,843,801)	27,771,528
Finance and administration	729,909,476	(347,621,642)
Housing	(120,977)	-
Local economic development	(443,367)	(86)
Roads transport	6,185,311	(5,294,996)
Waste management	(58,082,707)	(27,354,980)
Waste water	32,390,365	(4,900,558)
Water	119,289,815	(3,350,885)
Total segment assets	**1,075,246,442**	**(749,960,494)**
Reconciling items		
Unallocated assets	(78,950)	-
CaseWare journals not on system	45,689,201	(36,232,899)
Total as per Statement of financial Position	**1,120,856,693**	**(786,193,393)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

64. Budget differences

Material differences between budget and actual amounts

Overall considerations:

Management Responsibility for Budgetary Control:

The financial statements of Nketoana Local Municipality have been prepared in accordance with the Generally Recognized Accounting Practice (GRAP) 24 - Financial Reporting and Cash Flow Reporting, which sets out the principles and guidelines for presenting budgetary information. It is the responsibility of management to ensure that budgets and actual financial results are reasonably consistent and to disclose material discrepancies between the budgeted figures and the actual figures.

Unfunded Budget Adopted with a Budget Funding Plan:

Nketoana Local Municipality operates under an adopted budget that exhibits a discrepancy between the budgeted figures and the actual figures. This disclosure note aims to provide transparency to the users of the financial statements by explaining the reasons for the variance.

Main reasons for Variance:

The primary reason for the variance between the budgeted figures and the actual figures is the existence of an unfunded budget. An unfunded budget refers to a situation where the resources available to the municipality are insufficient to fully support the planned expenses during the budget period.

The variance between the budgeted and actual figures may occur due to various factors, such as delays in securing funding or unexpected changes in revenue streams or expenditure patterns. It is important to note that while efforts are made to attain financial sustainability, certain factors beyond the municipality's control may influence the actual financial outcomes.

Figures in Rand	2023	2022

64. Budget differences (continued)

Spesific considerations:

64.1 Stage 6 loadshedding; movement towards Solar Variance is immaterial Billing corrections on major consumer accounts resulted in wastewater revenue figures much higher than budgeted for. Billing corrections on major consumer accounts resulted in water revenue figures being higher than budgeted for.

64.2 Rentals are based on demand and the economy also affects the demand. These factors affected the outcome of the budget versus the actual.

64.3 TThe municipality's collection rate decreased significantly and can be linked to the economy and effect of repo rate increases on consumers' financial stability. When the collection rate decreases, the interest charged on overdue accounts increases.

64.4 This revenue item does not form part of the municipality's core revenue sources and the budget projection was overstated.

64.5 Other income' and 'goods and services' are budgeted for as one line item. The variances relate to non-core services and sales and the projections were incorrect on these items.

64.6 Actual is in excess of the budget and favourable even though the variance amount is deemed to be insignificant.

64.7 The budget projections were not sufficient and incorrectly projected lower revenue than what was actually achieved.

64.8 The budget for interest on consumer accounts is not split between exchange and non-exchange.

64.9 The variance is below 10% when the budget for capital grants is also considered and the projected underspending is the only reason for the remaining insignificant variance.

64.10 The variance % is higher than 10%, but the variance amount is immaterial. Actual fine revenue is dependant on factors that are usually out of the municipality's control.

64.11 The variance is within the 10% norm.

64.12 The prior period total was overstated and when the budget projection was performed it was based on this incorrect (inflated) total.

64.13 The budgeted depreciation includes a provision for impairment losses based on the budget requirements whereas the actual has a split between depreciation and impairment on assets.

64.14 Depreciation and impairment are budgeted for as one line item but then split into two line items in the financial statements resulting in no separate budget with which the actual can be compared.

64.15 Significant increases in repo rate were not budgeted for. Effect of the interest on actuarial calculations and estimates cannot be budgeted for reliably.

64.16 This item was budgeted for as part of general expenses based on mSCOA classification.

64.17 The municipality's collection rate decreased significantly and can be linked to the economy and effect of repo rate increases on consumers' financial stability.

64.18 This item was budgeted for as part of general expenses based on mSCOA classification.

64.19 There is a saving of 27% and can be attributed to items such as water inventory and consumables inventory at yearend compared to the same figures in 2022.

64.20 There is a saving of 32% and this can be linked to the reduced reliance on contractors due financial constraints and an unfunded budget.

64.21 The budget for general expenditure did not contain the same items as the actual expenditure due to differences in line

Figures in Rand	2023	2022

64. Budget differences (continued)
item splits in the budget and in the annual financial statements. Savings in other line items can be linked overspending in this line item.

64.22 There was no budget for this non-cash item as the line item. The amount is immaterial and can easily swing from gain to loss within one financial year.

64.23 There was no budget for this non-cash item as the line item. The amount is immaterial and can easily swing from gain to loss within one financial year.

64.24 Land inventory was reclassified from investment property with the assistance of asset consultants. This process took place after all budget processes were concluded and the variance could therefore not be controlled.

64.25 The budget is under current assets whilst the actual is under non-current assets

64.26 The budget for this item includes receivables such as VAT. The VAT is however disclosed as a separate line item for the actual expenditure.

64.27 This item is budgeted for under Consumer Debtors and not as a separate line item. When combining the actuals of non-exchange and exchange and compare that total to the budget, there is a less material variance.

64.28 This receivable was not budgeted for in the 2022/2023 annual budget.

64.29 The significant drop in the collection rate was not expected and resulted in a reduced payment rate (creditors) and insufficient VAT receivable budget.

64.30 The budgeted projection was based on payments made in terms of a funding plan and the result was a significant variance when compared to the actual balances.

64.31 This line item is a balancing figure based on the municipality's cash flow calculations. The cash flow is calculated by making use of projections and assumptions (inflation, interest rates, collections, etc.). Over- and under-budgeting in all other line items then result in budget variances in this line item. The actual cash on hand ended up at a much lower figure than the budgeted and was caused by underlying calculations.

64.32 The variance is within the 10% norm.

64.33 The variance is within the 10% norm.

64.34 Depreciation and impairment losses increased significantly and the fact that these were calculated when budget processes were concluded, resulted in the incorrect budget projections.

64.35 The budget for this line item is immaterial. The actual procurement of intangible assets did not materialise due to cash flow constraints.

64.36 The variance is within the 10% norm.

64.37 The variance is within the 10% norm.

64.38 The budget for consumer debtors is split between current and non-current receivables. The actual expenditure is disclosed as one line item under current assets.

64.39 The ESKOM deposits were not budgeted for as a separate line item and resulted in this significant variance when compared to the actual balance.

64.40 The loan balance at yearend is much lower than anticipated and budgeted for. Payment arrangements are not in place and all amounts are overdue resulting in inaccurate budget projections.

64.41 The budget is included in other payables as there is no separate line item in the budget for 'finance leases'.

64.42 The significant increases in the repo rate (finance charges on overdue payables) and the drop in the collections rates (affecting the creditors payments rate) had a combined impact that was not accommodated for in the budget projections.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

64. Budget differences (continued)

64.43 The budget projections were inaccurate based on the actual outcome.

64.44 Actuarial provisions were not sufficiently budgeted for as the projections could not anticipate the effect of actuarial assumptions.

64.45 The budget is included in other payables as there is no separate line item in the budget for 'unspent conditional grants'.

64.46 Actuarial provisions were not sufficiently budgeted for as the projections could not anticipate the effect of actuarial assumptions.

64.47 Actuarial provisions were not sufficiently budgeted for as the projections could not anticipate the effect of actuarial assumptions.

64.48 Actuarial provisions were not sufficiently budgeted for as the projections could not anticipate the effect of actuarial assumptions.

64.49 The variance is due to the loss recognised during the financial year.

64.50 The impact of actuarial valuations is unknown until budget processes have been concluded and could be significant gains or losses. Fair value adjustments on Investment Property is done at yearend when budget processes have been concluded and this then results in significant variances if market conditions were volatile.