2023/24

DRAFT ANNUAL REPORT

Mafube Local Municipality

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Chapter 1: MAYORS FOREWORD AND EXECUTIVE SUMMARY

1.1 Mayors Foreword

It is an honour to present the Annual Report of Mafube Local Municipality for the 2023/24 financial year. This report continues the commitment of the municipality's transparent reporting and aligns with the latest governance standards. The dedication of both our municipal team and our residents, who have embraced our vision of transforming into a true prospect of opportunity and change, has inspired me in my role as Mayor over the previous financial year.

Our municipality, with its various towns, remains a signal for the rest of Province, demonstrating what can be achieved through collaborative efforts towards a collective vision of a better future. I extend my gratitude to the residents, stakeholders, investors, and visitors for their ongoing support and constructive engagement. Your commitment keeps us accountable and drives us forward in realizing our goals. Building on the accomplishments of the previous financial year, often in the face of significant challenges, I am confident that together the municipality will continue to make significant progress in the years ahead. Mafube Local Municipality, both in its management and political dimensions, stands resilient, providing a solid foundation to enhance the well-being of our community. This report offers insights into the municipality's financial, operational, social, and service delivery performance from 01 July 2023 to 30 June 2024. It also reflects our progress towards the objectives outlined in the Integrated Development Plan (IDP). Mafube Local Municipality maintains a robust position with stringent financial controls and a commitment to good governance.

Our unwavering stance against misconduct and corruption ensures that every public penny contributes to the welfare of our citizens. The Council remains committed in prioritizing the maintenance, upgrade, and development of our infrastructure. Special attention has been given to bulk infrastructure construction and critical infrastructure maintenance to ensure sustainable service delivery. Team Mafube's resilience and collaborative spirit, both within the government and among residents, are admirable. I extend my sincere gratitude to every municipal employee contributing to a continuous strive to good service delivery, making all efforts to make Mafube even greater Municipality.

May this report inspire us all to strengthen our efforts to position Mafube as one of the best-run and financially stable municipalities in the country. The content of this report aligns with key deliverables in the municipality's IDP and sector plans, reflecting our commitment to addressing challenges within our strategic focus areas and long-term vision. I believe the 2023/24 Annual Report provides a comprehensive overview of the administration's financial, operational, social, and service delivery performance for the past 12 months.

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Cllr T.I Motsoeneng
Mayor

1.2. MUNICIPAL MANAGER'S FOREWORD

The Mafube Local Municipality has been placed under Section 139 (5) (a) & (c) of the Constitution of the Republic of South Africa, pursuant to the judgment delivered on 28 April 2022 in case number 1969/2021 by the Free State High Court division, the court issued a directive mandating the Provincial to invoke Section 139 (5) (a & c) of the constitution read together with Section 139 of Local Government: Municipal Finance Management Act: 117 of 1998. The Provincial Government resolved on 1 June 2022 to invoke the mandatory intervention in Mafube Local Municipality.

Local government must create a participatory framework that defines and enhances the relationship between elected leaders and their communities. This Annual Report 2023/24 therefore, addresses the performance of the Mafube Local Municipality, in respect of its core legislative obligations. This requires that the municipal council provides regular reporting on programme performance and the general state of affairs in their locality.

This Annual Report for the financial year 2023/2024, was prepared in line with section 121 of the local Government Municipal Finance Management Act, No. 56 of 2003 as well as complementary circulars, templates and guidelines. The report provides the overview of the performance and progress made by the municipality in fulfilling its strategic objectives and priorities as aligned with the Integrated Development Plan (IDP), National Development Plan (NDP), as well as Provincial and National strategic directives.

Mafube Local Municipality is in terms of Section 152 of the Constitution, tasked with the obligation of providing basic services to the communities. This report therefore presents the collective efforts of our municipal employees, the collaboration of our stakeholders, and the solid commitment of our elected officials to serve the citizens of Mafube Local Municipality.

Over the past year, the municipality has faced numerous challenges, from economic fluctuations to the ongoing impacts of global events, Yet, through resilience, innovation and the dedication of our team, we have made significant strides in improving the quality of life for our residents. We have completed key infrastructure projects, enhanced public services and implemented sustainable practices that not only benefit our current population but also ensure a prosperous future for generations to come. Our efforts in the development and maintenance of bulk infrastructure and the support to Small Medium and Micro Enterprises (SMMEs) through the provision of business equipment to promote local economic development, has been particularly significant, showing our commitment to addressing the need and priorities of our community.

The overall operating results achieved for the past financial year closed off with a deficit of R 160 853 102 compared to a budgeted deficit of R 1 706 450. Operating revenue for the year is R420 262 066 (2023: R 312 270 238), which reflects an increase of 34.58%. The operating expenditure for the year decreased to R554 147 386 (2023: R 1 010 621 345) which reflects a decrease of R456 473 959 from 2023/2024. The total capital expenditure capitalized for the year in respect of property, plant, and equipment amounted to R 17 456 493 million. This includes R 16 385 949 from government grants, and R 1 070 544 from own cash resources. The cash balance at the financial year end was R 1 162 230.

We have continued to foster greater transparency and encouraged active participation from our residents. We believe that an engaged and informed community is essential to the success of our initiatives. Through various outreach programmes and community meetings, we have made efforts to listen to the voices of our citizens and to incorporate their feedback into our planning and decision-making processes.

We however, remain acutely aware of the work that still lies ahead. Our focus for the coming year will be on continuing to drive progress in key areas such as revenue enhancement, economic revitalization, spatial planning and human settlements, as well as environmental sustainability. We are committed to pursuing innovative solutions to the challenges we face and in ensuring that Mafube Local Municipality remains vibrant, inclusive and forward-looking community.

The municipality's commitment to effective governance has received a qualified audit opinion for the 2022/2023 and 2023/24 financial year from the Auditor-General. The council has bolstered internal controls through annual reviews and has implemented robust risk management via the Risk Management Unit. The fully operational Internal Audit Unit ensures adherence to measures, particularly in Procurement and Human Resources. The current term of the Audit Committee will come to an end in October 2025.

I extend my sincere gratitude to the political leadership, Council Members, and our dedicated staff who have tirelessly maintained stability in the municipality. Despite challenges, our unwavering efforts and dedication to transparent administration

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JB Selapyane
Acting Municipal Manager

1.3 Municipal Overview

Geographical Context

Mafube Local Municipality is a Category B municipality in the Fezile Dabi District of the Free State. It is approximately 3 971 km² in extent. The main towns include Cornelia, Tweeling, Villiers and Frankfort. The municipality is characterized by fertile lands that support the cultivation of various crops and livestock farming. Frankfort is a service centre serving a hinterland agricultural community where primary activities include sheep and cattle farming, and maize and sunflower seed production. Villiers, functions as the main concentration point for agricultural products in the district, and includes products such as maize, sunflower, wheat, grain, sorghum, meat and dairy. The N3 traverses the municipality in a north-south. alignment, with other regional roads including the R34, R26, R103, and R707 connecting to it.

Frankfort/Namahadi is situated 55km east of Heilbron and approximately 120km south east of Sasolburg. The town was originally laid out on the farm Roodepoort & named Frankfurt after the German town by Albert van Gordon in 1869. The main street originally named 'Brand Street', later changed to JJ Hadebe Street, named after the 4th president of the Orange Free State, Sir Johannes Brand. During 1883, he visited the town & laid the corner stone of the Dutch Reformed Church. The Council for National Memorabilia declared the Magistrate‟s Office, Police Station & Post Office National Monuments.

Frankfort/Namahadi remains the growth point in Mafube and plays a major role in terms of a regional service provider and industrial and commercial development and it is a small town typically developed and serving the predominantly agricultural community. The R34 provincial road from Kroonstad to the KwaZulu-Natal Province extends adjacent to the town.

The Wilge River stretches adjacent to the town from south to the Vaal Dam in the north. Frankfort, although mainly an agricultural related town, does provide certain industrial growth potential. The industrial growth potential is mainly agricultural orientated

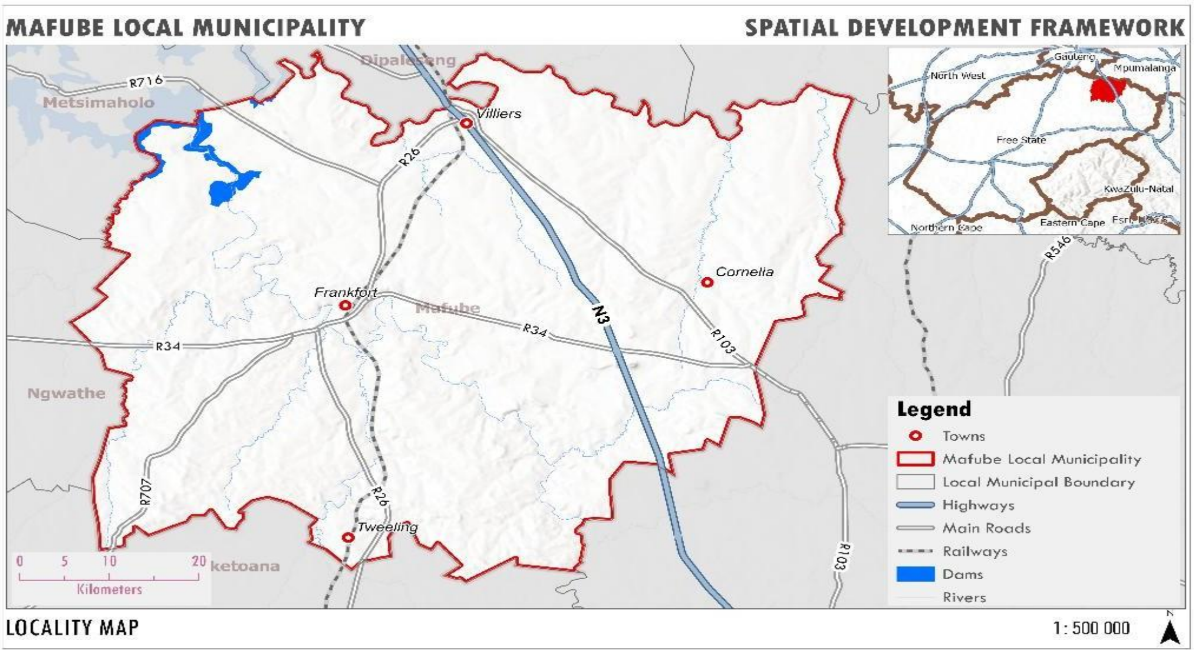
Tweeling/Mafahlaneng is located approximately 150 km east of Sasolburg and 350 km north- east of Bloemfontein and is situated adjacent to the Frankfort/Reitz primary road. Other larger centre such as Vereeniging and Vanderbijlpark are all within 160 km from Tweeling. Primary agricultural activities include sheep and cattle farming, maize and sunflower seed production. Other larger centres such as Vereeniging and Vanderbijlpark are all within 160km from Tweeling.

Villiers/Qalabotjha town area is situated on the banks of the Vaal River, adjacent to the N3 National Road between Gauteng and Durban. In relation to other major centres, the town is located 120 km from Johannesburg, 80 km from Vereeniging and 117 km from Sasolburg and is predominantly agricultural oriented where products such as maize, sunflower, wheat, grain, sorghum, meat and dairy products are produced.

Cornelia/Ntswanatsatsi is situated 60km east of Frankfort, 160km east of Sasolburg and 32km south east of Villiers. The town is situated adjacent the R103 secondary road between Warden and Villiers and further located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural area. Substantial future growth of the town is not foreseen.

The Vaal River and Vaal Dam form the northern boundary of the area, which also serves as the boundary between the Free State and Gauteng Province. The Vaal Dam, often referred to as the Highveld‟s Inland Sea, together with the Vaal River are the most prominent topographical features in the region. This vast expanse of water covers some 300 square kilometres. It serves as Gauteng‟s principal source of potable water and is a popular water sports and water related adventure venue. The Wilge and Liebenbergsvlei Rivers also drain from south to the Vaal Dam in the north.

FIGURE : MAFUBE LM: LOCALITY MAP



1.4 Demographic Profile of the Municipality

Introduction

This section contains information such as population statistics; socio-economic information, etc. Statistical information, which serves as the basis for constructing planning forecasts, is essential for the democratic process since it enables the citizens to examine the decisions made by the government and local authorities, and decide whether they serve the public they are meant to help.

Stats SA was set to conduct a nationwide population and housing census from 3 to 28 February 2022. The census was due to be conducted in October 2021 but was delayed due to disruptions caused by the global COVID-19 pandemic.

The Census 2022 project is set to showcase Stats SA‟s new technological advances as it leaps into a new era of digital data collection.

Census 2022 is South Africa‟s fourth population count post-democracy and the country‟s first digital census where at least 165 000 fieldworkers will be deployed across the country to count everyone within the borders of South Africa.

“It has been over 10 years since we last conducted a census in 2011. Census 2022 offered the country an opportunity to collect, compile and publish updated demographic, economic and social data for all persons in a country.

Demographic Analysis

Table 04: Demographic Analysis

Name (Mafube Local Municipality)	2022	2011
Total population	61 150	57 876
Young children (0-14 years)	26,0%	31,6%
Working age population (15-64 years)	66,6%	62,1%
Elderly (65+ years)	7,4%	6,3%
Dependency ratio	50,2	61,1
Sex ratio	88,5	92,5
No schooling (20+ years)	11,8%	14,1%
Higher education (20+ years)	6,2%	6,1%
Number of households	16 896	16 459
Average household size	3,6	3,5
Formal dwellings	84,7%	70,8%
Flush toilets connected to sewerage	95,4%	79,0%
Weekly refuse disposal service	71,1%	80,2%
Access to piped water in the dwelling	48,8%	39,8%
Electricity for lighting	97,4%	84,4%

CHAPTER 2: GOOD GOVERNANCE

Component A: POLITICAL AND ADMINISTRATIVE STRUCTURES

Political Structures

Executive Committee

The Executive Committee consists of three (3) members including the Mayor, these are Councillors appointed by the Mayor to perform functions for which the Mayor is responsible. All Members of the Executive Committee were allocated portfolios as per the functions of the municipality.

- Cllr TI Motsoeneng – ***Chairperson***
- Cllr JT Kotsi
- Cllr E Maboya

Below is a list of Portfolio Committees and Councillors who are serving in these committees during the development of the 5th generation of IDP's.

Members of the Corporate Services Portfolio

- Cllr. Joeb Murrey
- Cllr. Faku Tsotetsi
- Cllr. Peter Mashiloane-**Chairperson**

Members of the Community Services & LED Portfolio

- Cllr. Ntaoleng Molefe- ***Chairperson of the Committee***
- Cllr. Walter Gumede
- Cllr. Joeb Murrey

Members of the Infrastructure services and urban planning Portfolio

- Cllr. Tom Van Rensburg
- Cllr. Jabulile Kumbi
- Cllr. Tsubane Moabi-***Chairperson of the Committee***

Members of the Finance Portfolio Committee

- Cllr. Faku Tsotetsi
- Cllr. Mohapi Mokoena
- Cllr. SB Ntuli- ***Chairperson of the Committee***

Municipal Public Accounts Committee (MPAC)

- Cllr. Suzette Steyn
- Cllr. Tom Van Rensburg
- Cllr. Mamonaila Tsotetsi-***Chairperson***

ADMINISTRATION

The Municipal Manager is the head of the administration assisted by Directors and Managers, who manage the Departments of:

- Finance
- Infrastructure services
- Community Services and LED
- Corporate Services

Supply Chain Committees

Mafube L.M has functional supply chain committees however, Mafube L.M does not have an approved schedule**.** However, meetings are convened as and when there are tenders to be advertised.

The compositions of these committees are as follows:

BID SPECIFICATION COMMITTEE
User Departments prepare their own specifications

BID EVALUATION COMMITTEE:
Members have been appointed

BID ADJUDICATION COMMITTEE

Members have been appointed

Internal Audit and Performance Committee

INTERNAL AUDIT.

Mafube Local Municipality, has a unit whose function is to:

- Review the Internal Audit Charter
- Internal Audit committee advise Council as to whether the internal audit unit is given the resources and operational independence required to fulfil its role as outlined in the Internal Audit Charter.
- Audit Committee review and approve the annual risk based internal plan prepared by Internal Audit unit**.**
- Ensure that all identified risk areas are prioritized and incorporated in the annual audit plan.
- Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:
    1. Internal Audit
    2. Internal Controls
    3. Accounting procedure and practices
    4. Risk and Risk Management
    5. Performance Management
    6. Loss control
    7. Compliance with the MFMA, Division of Revenue Act (DORA) and any other applicable legislation
    8. Investigate any other matter, as requested by the Municipal Manager
    9. Ensure that all findings and recommendations are adequately addressed by Management.

AUDIT COMMITTEE

No information provided by directorate

Component C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public Meetings

IDP Participation and Alignment

Table 8: **DRAFT 2023-2024 IDP REVIEW PROCESS PLAN**

Mafube Local Municipality			
2024 / 2025 IDP and Budget Process Plan			
PHASE	**OBJECTIVE**	**RESPONSIBILITY**	**TARGET DATE**
Preparation	Preparations and Analysis: Review Provincial IDP assessment report, Compile IDP process plan & Budget time schedule	Municipal Manager and Directors	July - August 2023
	Submit the Draft IDP and Budget Timeline to Management	Municipal Manager	August 2023
	Publicize the Draft process plan, for Stakeholder inputs	Municipal Manager	August 2023
	Submit draft process plan and time schedule to EXCO for approval	Municipal Manager	August 2023
	Submit the District Integrated Development Framework to Council for adoption	Mayor	August 2023
	Submit final process plan and time schedule to Council for adoption	Mayor	August 2023
	Submission of the IDP and Budget Process Plan to CoGTA and both Provincial and National Treasuries	Municipal Manager	September 2023
Analysis	Perform situational analysis and assessment of the achievements of the previous IDP (2023/2024), and tabulate the analysis report to the Steering committee	Political Office, Municipal Manager and Directors	September 2023
	Conduct IDP public consultations in all nine wards, with all stakeholders	Political Office, Municipal Manager and Directors	October - November 2023
	All directors to submit 3 year capital budget to CFO	Directors	October 2023
	Meeting: IDP Steering committee and IDP Rep forum (To consider report on the review of the status quo and community needs)	Mayor, Municipal manager, Directors and Managers	October 2023
Strategies	Municipal Strategic Planning session (To develop 5 year strategic plan and review the Vision and Mission Statement)	Mayor, Municipal manager and Directors	November - December 2023

	Situational analysis(status quo) • Conduct PublicParticipation in all 9 wards of Mafube L.M	Officers (PPO's, Ward councilors,CDW's and Ward Committees) • Review local priority issues andcommunity needs	
Strategies	• Tabulate the AnalysisReport to the Steeringcommittee • Review: Vision andMission Alignment of Objectives and strategies	• Discuss the analysis report withthe Steering Committee & reformulate objectives & strategies • Consultation with sector departments and all stakeholders to consolidate issues	• November 2022
Projects	• Alignment workshop(LM's and DM) • Integration of programs • Identify priority projects	• Review & align projects • Alignments of projects with sectorstrategic plans, FSGDS, NSDP	• December2022
Integration	• Integration ofprograms • Confirmation of ongoing project and status quo, and integration of sector departments programs	• Bring together different plans into integrated plans	• December 2022
	• Consultation with IDP Rep. Forum	• Meeting with the IDP Rep. Forum	• January2023
	• Consultation with IDP Rep. Forum • IDP Steering Committee Meeting	• Preparation and finalization ofdraft IDP • Presentation of draft IDP to theRep Forum & steering Committee	• February2023
Approval	• Approval of ReviewedIDP	• Present draft IDP to council foradoption • Submit copies of approved IDP toMEC	• March 2023
	• Submit the adopted reviewed draft IDP toMEC. • Plubise the Draft Reviewed 2023/24IDP	• Conduct Public hearing on IDP • IDP analysis and assessment by National and Provincial Departments • Record all inputs and comments on the Draft 2023/2024 Reviewed IDP	• April 2023
Adoption	• Adoption of the FinalIDP review	• Adoption by Council	• May 2023

Submission of IDP to MEC	• Submit the adopted reviewed Final IDP toMEC • Placement of a notice for the adoption of IDP		June 2023

Component D: Corporate Governance

TABLE 9: GOVERNANCE STRUCTURES:

STRUCTURE	AVAILABILITY	STATUS
Internal audit	Available	Functional
Audit committee	Available	Functional
Oversight committee	Available	Functional
Ward committees	Available	Functional
Council committees	Available	Functional
Supply chain committees (SCM)	Available	Functional

MANAGEMENT AND OPERATIONAL SYSTEMS

Complaints Management System

Mafube Local Municipality has a Manual and Electronic complaints management system in place. The electronic was installed with the assistance of Cogta Free State. This system is only functional in the head office in Frankfort, and the other units (Villiers, Tweeling and Cornelia) are using a manual system. The turnaround time for lodged complaints is 24 to 48 hours, depending on the kind of complaint lodged and the availability of resources.

Fraud Prevention and Response Plan

The Municipality has developed a fraud prevention and response plans (2014/2015), which are still at draft level. The document still needs to serve before the audit committee before they can serve in Council.

Risk Management Policy, Strategy and Register

Mafube L.M, has a risk management unit, and it has appointed a risk management officer. Mafube Local municipality has developed the Risk management Policy, strategy and register. The risk management Policy is on draft stage. A risk register has been developed for each directorate.

Communication Policy and Strategy

Mafube L.M has a Communication Policy in place, which was adopted and approved by Council. Communication post is located in the office of the municipal manager, and is currently Vacant. Mafube L.M is yet to develop, a communication strategy.

TABLE 10: MANAGEMENT AND OPERATIONAL SYSTEMS:

MANAGEMENT AND OPERATIONALSYSTEMS	AVAILABILITY	STATUS
Complaints management system	Available	Not fully functional
Fraud prevention plan	Available	At Draft level
Fraud response plan	Available	At draft level
Risk management policy	Available	At draft level
Risk management strategy	Available	At draft level
Risk management charter	Available	At draft level
Communication policy	Available	At draft level
Public participation strategy and Plan	Just developed	At draft level

INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION:

Strategic Objectives: Improve organisational cohesion and effectiveness

Intended Outcome: Improved organisational stability and sustainability

INFORMATION TECHNOLOGY.

Information Technology has become an important component of Mafube L.M in the quest to improve and transform the lives of communities, and to assist and enable other departments within the Municipality to render a quality service to stakeholders and the public at large.

Below are a couple of activities that have taken place since IT was incorporated into the Mafube LM and the future they hold:

- Network Infrastructure: A data network ensures that the systems at the revenue collectionpoints are always live. Rate payers do not have to be turned away because systems are offline and thereby causing them great inconvenience. This also results in poor cash inflows for the Municipality. Mafube LM is committed to providing a stable and reliable network infrastructure for effective and efficient service delivery and complainsmanagement.
- Website, Mafube L.M has appointed a consultant for the development of the Municipal website, as the Municipality is legislated to publish policies and documents that directly affect the community; these are now published and updated frequently.
- Establishment of District ICT Forum, which sits once per quarter, consisting of all local Municipalities and the District. Mafube L.M also intends to establish ICT steering Committee

ICT POLICY FRAMEWORK.

As a measure thus to ensure effective and efficient management of ICT resources and processes, Mafube LM has developed a Municipal Corporate Governance of Information and Communication Technology Policy. In turn, this will aid the municipality in achieving the municipal goals and objectives. The main purpose of the policy is to align ICT functions to the organizational goals, minimse the risk ICT introduces and ensure that there is value in the investments made in ICT.

The view of the Mafube Local Municipality is that ICT should be governed and managed at all levels within an organizational structure and this is also supported by internationally accepted good practice and standards. With regards to municipal operations, the policy places a very specific responsibility on the Council and Management within Mafube L.M in order to ensure that the decision making process for ICT remains transparent. Such measures enable the municipality to align the delivery of ICT services with the municipality's Integrated Development Plan's strategic goals.

ICT Governance is implemented in two different layers namely:

- **Corporate Governance of ICT** – the governance of ICT through structures, policies and processes;
  - In terms of Corporate Governance of ICT, the current and future use of ICT is directed and controlled.
- **Governance of ICT** – through Standard Operating Procedures.
  - In terms of Governance of ICT, used are the individual processes and procedures which ensure the compliance of the ICT environment based on pre-agreed set of principles.

November 2012 marked the approval of the Public Service Corporate Governance of ICT Policy Framework by Cabinet. The Cabinet also made ICT applicable to National and Provincial Departments, Provincial Administrations, Local Governments, Organs of State and Public Entities for implementation by July 2014.

In order to meet the set requirement from the Cabinet, various government departments collaborated and developed the Municipal Corporate Governance of ICT Policy for application in the Local Government sphere. Such government departments entail the Western Cape Department of Local Government, Department of Cooperative Governance (DCOG), Departmentof Public Service and Administration (DPSA), South African Local Government Association(SALGA), and the Western Cape Provincial Treasury.

The main purpose of the Municipal Corporate Governance ICT Policy is to institutionalise the Corporate Governance of ICT as an integral part of corporate governance within the Mafube Local Municipality. This Municipal Corporate Governance ICT Policy provides the Municipal Council and Management with a set of principles and practices that must be complied with, together with an implementation approach to be utilised for implementation of ICT Governance.

The objectives of this Corporate Governance of ICT Policy for Mafube Local Municipality seek to achieve the following:

- Institutionalise a Corporate Governance of ICT Policy that is consistent with the Corporate Governance Frameworks of the Municipality;
- Aligning the ICT strategic goals and objectives with the Municipality's strategic goals and objectives;
- Ensuring that optimum Municipal value is realised from ICT-related investment, services and assets;
- Ensuring that Municipal and ICT-related risks do not exceed the Municipality's risk appetite and risk tolerance;
- Ensuring that ICT-related resource needs are met in an optimal manner by proving the organisational structure, capacity and capability.
- Ensuring that the communication with stakeholders is transparent, relevant and timely;and
- Ensuring transparency of performance and conformance and driving the achievement of strategic goals through monitoring and evaluation

The following entails a list of the benefits that may be realised through effectively implementing and maintaining the Corporate Governance of ICT:

- Establishment of ICT as a strategic enabler in a municipality;
- Improved achievement of municipal integrated development plans;
- Improved effective service delivery through ICT-enabled access to municipal information and services;
- Improved ICT enablement of a municipality;
- Improved stakeholder communication;
- Improved delivery of ICT quality services;
- Improved trust between the municipality and the community through the use of ICT;
- Lower costs (for ICT functions and ICT dependent functions);
- Increased alignment of ICT investment towards municipal integrated development plans;
- Improved return on ICT investments;
- ICT risks managed in line with the ICT priorities and risk appetite of the municipality;
- Appropriate security measures to protect both the municipality and the information of its employees;
- Improved management of municipal-related ICT projects;
- Improved management of information as ICT is prioritised on the same level as other resources in municipalities;
- ICT pro-actively recognises potential efficiencies and guides municipalities in timeous adoption of appropriate technology;
- Improved ICT ability and agility to adapt to changing circumstances; and
- ICT executed in line with legislative and regulatory requirements.

FINANCIAL VIABILITY:

Strategic Objective: To improve overall financial management in municipality by developing and implementing appropriate financial management policies, procedures and systems.

Intended Outcome: Improved financial management and accountability.

FINANCIAL MANAGEMENT POLICIES.

The following Financial Policies have been developed and adopted by the Municipality all finance policies are developed/reviewed annually and adopted together with the Budget on or before the 31st of May annually.

- Asset Management Policy
- Cash Management & Investment Policy
- Credit Control Policy
- Supply Chain Management Policy
- Municipal Property Rates Policy
- Credit Control, Debt Collection and Customer Care Policy
- Tariff Policy

Table 11: Policies and Systems

POLICY AND SYSTEM	AVAILABILITY	STATUS
Tariff policies	Available	Functional/ implemented
Rates policies	Available	Functional/ implemented
SCM policies- staffing	Available	Functional/ implemented
Staffing of the finance and SCM units	Available	Functional
Payments of creditors		Functional
Auditor- GeneralFindings	Available	Functional
Financial management systems	Available	Functional/ implemented

SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

FREE BASIC SERVICES

The table below shows the free basic services, which constitute the basic social package offered by the municipality to indigent households, as per the approved Indigent Policy, of Mafube L.M. The indigent register is reviewed annually, to monitor and update the register. The total number of registered indigents in 2023/24 financial year is 3 680. The current indigent policy was adopted by Mafube Municipality Council on the ordinary Council sitting of May 2023.

Table 05: STATUS OF FREE BASIC SERVICES

	SUPPLIER	2023/24 FINANCIAL YEAR
Free Water	Mafube LM	
Registered indigents		6 kl
		Free
Free electricity	Eskom & Rural maintenance	
To only registered indigents supplied by Rural maintenance		50 kwh
		50 kwh
Sewage basic	Mafube LM	Free to registered indigents
Free refuse removal	Mafube LM	Free to registered indigents
Income level for registration for indigent		R 4 000.00 per month
Number of registered indigents		3 680

BASIC SERVICES RENDERED AND BACKLOGS

Table 06 :BASIC SERVICES RENDERED

	2023/24
Number of new RDP houses built in municipal areas	00
New Township Establishment in all Mafube Towns	1 768 (residential sites)
Number of households provided with water	17 651
Number of households provided with electricity	18 818
Number of households provided with sanitation	17 651
Number of households provided with refuse removal	4 960 (Due to non-availability of fleet)

PLANNING FOR WATER SERVICES DELIVERY

Mafube Local Municipality is a Water Services Authority (WSA), and is therefore required in terms of the Water Services Act to submit a Water Services Development Plan (WSDP) that is central to providing water and sanitation services to the communities.
Raw Water Sources

Mafube Local municipality has 3 raw water sources situated in Villiers, Tweeling and Frankfort, Cornelia is supplied by Frankfort with a 34 km pipe line, to maintain and supply availability of our bulk water resources ensured (MTSF Goal). The most un-reliable source, is the Vaal River, as there is no Weir in the Vaal River. The supply of raw water within the Mafube LM is as follows:

- The Vaal river
- Wilge river and
- LiebendergsVlei river

The need for bulk storage for water
The current spatial development of Mafube LM will determine its current demand for water supply. Growth and development will increase the demand for water supply in the future; to ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry (NDP Goal).

Table 07: Mafube Water Treatment Works

TOWN	CAPACITY	REMARKS
Tweeling	2050kl/16-hr day	Lacking adequate O & M
Villiers	5.5 ML/16-hr day	Complete and operational
Frankfort Regional	9.6 ML/16-hr day	Lacks Storage Capacities at site, in Namahadi and Cornelia

TABLE 08 : Status of sector plans relating to water and sanitation

	Availability	Status
Water Service Development Plan	Available	Developed in 2020/21 financial year
Water Services Master Plan	Available	Developed in 2020/21 financial year
Infrastructure Investment plan	Not available	
Water Conservation and Demand Management Plan	Available	Developed in 2018/19 financial year
Status of drinking water (water quality)	Information not Available	
Operations and maintenance Plan	Not available	

TABLE 09: Number of Households in urban area with Access to Water

Wards	No. of HH's	Service level above RDP (Yard connection)	Service level below RDP (Communal taps and JoJo tanks)	N0.of registered indigent HH's	Areas with unreliable services	Intervention required
WARD 1	1922	1922		3680	They are HH‟s with an unreliable water service in ward 2; 5; 6; and 7	Restoration of reliable water supply to all households and storage capacity
	412		412			
WARD 2	1650	1650				
WARD 3	1356	1356				
WARD 4	1370	1370				
	253		253			
WARD 5	1823	1823				
WARD 6	1450	1450				
WARD 7	3050	3050				
	700		700			
WARD 8	3038	3038				
	405		405			
WARD 9	1992	1992				

TABLE 10: Number of Households in Rural area with Access to Water and Source of water

Regional/Local water scheme	361
Borehole	650
Spring	14
Rain water Tank	37
Dam/pool/stagnant water	90
River/stream	13
Water vendor	46
Water tanker	133
Other	84

SANITATION.

Mafube LM faces a number of challenges with regard to sanitation. One of the main problems is the need for a sewer master plan, which will enable the municipality to plan for future developments including addressing the backlogs in basic sanitation services. With the assistance of the Development Bank of South Africa (DBSA), Mafube Local Municipality has an approved water services master plan.

Waste water treatment works.

The waste water and sewage from the Mafube Municipality is currently treated at six plants:

- Frankfort Waste Water Treatment Plant: The works currently serves the Frankfort Central Business District, the industrial and surrounding areas. The works has a design capacity of 0.65Ml/day and it currently lacks Storage Capacity to 1ML/day. The Works has no spare capacity which will serve future developments around Frankfort.
  - Namahadi Waste Water Treatment Plant: Plant working beyond design capacity 2.8ML/Day and Operation & Maintenance plan is inadequate. Consultant was appointed, Rand water is the Implementing agent, and contractor on site, work is in progress for phase 2, of the construction of 7.7ML/day, to support future development in and around Frankfort/Namahadi.
- Villiers Waste Water Treatment Plant: The works currently serves the Villiers Central Business District, the industrial and surrounding areas. The works has a design capacity of 0.65Ml/day.
  - Qalabotjha Waste Water Treatment Plant: Plant currently working beyond design capacity 1.8ML/day and Operation and Maintenance plan is not in place. Project under Construction at 61% complete, to support future development.
- Tweeling Waste Water Treatment Plant: The design capacity of this plant is 0.65ML/day, and upgrading to a design capacity of 3.0ML/day, is needed to support current and future development. Operation and maintenance is inadequate.
- Cornelia Waste Water Treatment Plant: The design capacity of this plant is 0.8ML/day, an upgrade to 1.8ML/day is needed to support current and future development. Operations and Maintenance is inadequate.

Table 11: Mafube WWTW

TOWN	CURRENT CAPACITY(M^3/DAY)	REQUIRED CAPACITY (M^3/DAY)	REMARKS
Namahadi (Biofilter& Clarifier)	2 800	7 700	Plant working beyond design capacity and O&M is inadequate. Consultant was appointed. Rand Water is the implementing agent. Contractor on site and work is in slow progress for Phase 1 – 81%. Final Design of Phase 2 (the BNR Plant and Rising Main from Namahadi Sewer Pump station) is complete.
Frankfort (Oxidation Ponds)	650	1 000	O&M is inadequate. To be decommissioned when new Namahadi WWTW is complete.
Qalabotjha(Biofilter& Clarifier)	1 800	4 500	Plant working beyond design capacity and O&M is inadequate. Upgrading of Qalabotjha WWTW (with BNR reactor) is under construction – 69% complete
Villiers (Oxidation Ponds)	650	800	Effluent pumped into Qalabotjha WWTW for further processing
Cornelia (Pasveer Reactor & Clarifier)	800	1 800	Very efficient system. Upgrade is now required
Tweeling (Oxidation Ponds)	650	3 000	BNR System is recommended

National and Provincial Priorities

NDP Goal	Ensure that all people have access to basic services
MTSF Goal	Members of society have sustainable and reliable access to basic services.
FSGDS Goal	Provide new basic infrastructure at local level (water, sanitation and electricity).

TABLE 12: Number of Households in Urban area with access to sanitation

Wards	N0. of HH's	Service level above RDP (Using Flushing Toilets)	Service level below RDP (Using Bucket system)	N0.of registered indigent HH's	Area's with unreliable services
WARD 1	1922	1922		3680	None
	412		412		
WARD 2	1650	1650	Challenges still exists		None
WARD 3	1356	1356			None
WARD 4	1370	1370			None
	253		253		
WARD 5	1823	1823			None
WARD 6	1450	1450			None
WARD 7	3050	3050	Challenges still exists		None
	700		700		
WARD 8	3038	3038	Challenges still exists		None
	405		405		
WARD 9	1992	1992			None

TABLE 13: Number of Households in Rural area with access to sanitation (as per census 2011)

None	195
Flush toilets	348
Chemical toilets	67
Pit toilets	358
Bucket toilets	346
other	115

SOLID WASTE MANAGEMENT.

CURRENT WASTE GENERATION.

The Integrated Waste Management Plan (IWMP) of the Mafube Municipality has been developed, approved and is essential for the management of municipal solid waste (MSW). A survey of landfill site was conducted by Mafube, and FDDM, to estimate the tons of waste being disposed-off to the landfill every month. Most of the waste disposed at these sites, are recyclable, and they are individuals that are collecting waste on the landfill sites for recycling. This is essential to help in, absolute reductions in the total volume of waste disposed to landfill each year (NDP)

LANDFILL SITE.

The refuse removal service caters for the whole of Mafube area, excluding the farm dwellers household, who are using communal dups. The majority of the households in Mafube 17 651 have access to refuse removal by the local Municipality at least once a week which may be deemed as adequate refuse removal services, and twice a week for Business sites.

Mafube Local Municipality has four Waste Disposal Site‟s (WDS) with one being closed (Tweeling) and the process for developing a new disposal site is well underway. The operating permit for 3 (Frankfort, Villiers, and Cornelia) was obtained.

In order for the effective management of our landfill sites, it is required that, they should be well established, have all the required infrastructure and fleet. Most of the waste is recyclable, if this opportunity can be properly coordinated and managed, it can create a number of employment opportunities.

The current waste disposal sites should accepts the following waste streams, but due to non-availability of fencing and management, this is not always the case:

- Domestic waste;
- Garden waste;
- Construction waste; and
- Commercial waste.

WASTE AND ENVIRONMENTAL MANAGEMENT

Informed by the Constitutional assignment of powers and functions to the different spheres of government, the Waste Act assigns clear responsibilities for waste management activities to each sphere of government. Some of these responsibilities require partnerships between government, communities and the private sector.

Local government must provide waste management services, which include waste removal, storage and disposal services, as per Schedule 5B of the Constitution. Municipalities must work with industry and other stakeholders to extend recycling at municipal level. Municipalities must provide additional bins for separation at-source, and are responsible for diverting organic waste from landfill and composting it. Municipalities must facilitate local solutions such as Material Recovery Facilities and buy-back centres, rather than providing the entire recycling infrastructure themselves.

Municipalities must designate a waste management officer from their administration to coordinate waste management matters. They must also submit an IWMP plan to the MEC for approval. The IWMP must be integrated into the municipal integrated development plans (IDPs), and the municipal annual performance report must include information on the implementation of the IWMP. Municipalities must also register transporters of waste above certain thresholds on a list of waste transporters.

At their discretion, municipalities may set local waste service standards for waste separation, compacting, management and disposal of solid waste, amongst others. Local standards must be aligned with any provincial and national standards where these exist.

Waste Collection Status

Waste collection is carried out by all municipalities in the province. However, the main challenge is that the collection is not reliable due to aged ailing fleet and budget constraints. The Department of Forestry Fisheries, and the Environment in collaboration with COGTA introduced the MIG Waste Specialized Vehicles initiative with the endeavor to improve the status of Waste Collection in the province.

Challenges

- Capacity issues such as funding and human resources limit competent waste management.
- Lack of waste removal services in the remote rural areas and farms hence, communities depend on backyard dumping sites and communal sites.
- Political instability leads to poor waste management within municipalities
- Lack of compliance of landfill sites with waste standards and legal requirements.
- Poor reporting on the waste information system and poor implementation of IWMPs.

- Uncontrolled dumping of refuse and littering further contributes towards pollution.

Recommendations

- An improved budget on waste management, and municipalities to apply for MIG **Specialized Vehicles**
- Promote re-use, reduce and recycle initiatives to the public and industries to reduce the amount of waste that is disposed at landfill sites
- Conduct a feasibility study for the development of regional landfill sites within the Districts.
- Enforcement and implementation of waste management strategies and by-laws.
- Investigate and implement cost effective ways to recycle waste.

Table 13: National and Provincial Priorities

NDP Goal	Absolute reductions in the total volume of waste disposed to landfill each year
MTSF Goal	An environmentally sustainable, low-carbon economy resulting from a well-managed just transition.

TABLE 14: SECTOR PLANS RELATING TO WASTE MANAGEMENT

	Availability	Status
Integrated Waste Management Plan	Available	Adopted by Council, to be reviewed
Environmental management plan	Not available	

TABLE 15: Access to waste removal in urban area:

Wards	N0. of HH's	Service level above RDP	Service level below RDP (Using Dumping sites)	N0. of registered indigent HH's	Area's with unreliable services	Intervention required
WARD 1	1922	1922		3680	Due to the aged, waste removal fleet, this service depends on the hired compactor trucks	New waste removal fleet, is required (Tipper trucks, Compactor trucks, tractors, dozers and TLB's)
	412		412			
WARD 2	1650		1650			
WARD 3	1356	1356				
WARD 4	1370	1370				
	253		253			
WARD 5	1823	1823				
WARD 6	1450		1450			
WARD 7	3050		3050			
	700		700			
WARD 8	3038	3038				
	405		405			
WARD 9	1992	1992				

TABLE 16 : Waste disposal: land filled site

Mafube Town‟s	Priority area	Baseline 2022/23	Targets meet	Challenges	Intervention required
Frankfort	Solid waste disposal and land fill site	Licensed, but no management	Waste Management Plan	Funding for the upgrading and	Upgrading of landfill sites is required,

Villiers	Solid waste disposal and land fill site	Licensed but no management	has been developed and approved by Council.	management of the four landfill sites	including new fleet for the management of the site
Tweeling	Solid waste and land fill site	Closed			
Cornelia	Solid waste and land fill site	Licensed but no management			

Bio-regional Plan

The Bioregional Plan is the primary tool which provides current and accurate inputs into the development planning and assessment processes related to the environment. The aim of the plan is to ensure that the spatial biodiversity information informs land-use and development planning, environmental assessments, authorizations, and natural resource management within municipalities. None of municipalities in the province have Bioregional plans; however the Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA) have the provincial Biodiversity Management Plan.

Open Space Management Plan

Open spaces play an integral part in maintaining the environmental integrity in most settlements. Overtime, these open spaces have been degraded due to a number of demands ranging from housing developments and other land use demands and at times end up being illegal dump sites. There is currently no evidence of the availability of Open Space Management Plans; however there are adhoc open space management programmes that are implemented by municipalities throughout the province .

Alien Invasive Species Monitoring, Control and Eradication Plans

Alien Invasive Species Monitoring, Control and Eradication Plans have not been developed by any municipalities in the Free State Province. Accordingly, where any eradication, monitoring or control of alien invasive species are implemented, it is likely not to be carried out in a coordinated manner nor according to an approved plan. DFFE through its NRM section is implementing the Alien Invasive Species monitoring & clearing projects in a number of municipalities across all four districts in the province and the Metro.

Challenges

- No Alien Invasive Species Control Plans has been developed in the province.
- Loss of biodiversity due to encroachment of urban development and loss of land used for grazing of sheep and cattle.
- Lack of strategies to conserve sensitive habitats within various Districts in the province.
- Absence of Environmental Officers tends to shift the focus only on waste management issues, therefore brown issues become the main focus as there is no one to advocate for green issue.
- Lack of biodiversity management skills

Recommendations

- Assistance with development of Alien Invasive Species Control Plans

- There should be a balance in the appointment of environmental and waste officers
- COGTA and SALGA to intervene for the assistance of Municipalities without Environmental Management units.
- Municipalities to budget for biodiversity management programmes
- Intensify capacity support for municipalities that own protected areas
- Municipalities to extrapolate and customize the provincial Biodiversity Management Plan in an effort to develop their own implementation plans.

CLIMATE CHANGE MANAGEMENT

The role of local government is fundamentally to translate and implement the endeavors put in place by the National Department of Forestry, Fisheries and the Environment with regards to Climate Change. This is to ensure municipalities are best equipped to manage and respond to Climate Change impacts through development of practical and implementable strategies. This will require proper coordination with all relevant stakeholders in order to facilitate preparedness for the implications of imminent Climate Change consequences.

The achievement of South Africa‟s climate change response objective is guided by the principles set out in the Constitution, the Bill of Rights, the NEMA, the Millennium Development Goals and the United Nations Framework Convention on Climate Change and include amongst others Informed Participation and the Precautionary Principle which entails applying a risk-averse and cautious approach, which considers the limits of current knowledge about the consequences of decisions and actions. The draft Climate Change Bill was published in Government Gazette No. 41689 on 08 June 2018. The Bill is aimed at building an effective climate change response and ensuring the long-term, just transition to a climate resilient and lower carbon economy and society. The aforesaid will be achieved within the context of sustainable development for South Africa and will provide for all matters related to climate change.

The framework for the National integrated approach to responding to and preparing for climate change is therefore provided / sketched in the Climate Change Bill. The interpretation and application of this Climate Change Bill must be guided by the national environmental management principles set out in Section 2 of the NEMA. Chapter 3 of the National Climate Change Bill is dedicated to outlining the roles assigned to municipalities with regards to responding to climate change.

The aforesaid roles and responsibilities include the following:

- Undertaking a climate change needs and response assessment for the municipality, and reviewing such climate change needs and response assessment at least once every five years;
- Developing and implementing a climate change response implementation plan which must be informed by the climate change needs and response assessment;
- In relation to mitigation, the climate change needs, and response assessment must be aligned with relevant national sectoral emission targets;
- The municipal climate change response implementation plan, must be integrated and must inform provincial or municipal development planning processes and instruments; and
- The preparation of a climate change response implementation plan may take into consideration any

existing provincial or municipal plan, which plan may require a review and an amendment to include climate change responses.

As the final draft bill is yet to be tabled in Parliament, local governance is provided with the opportunity to pre-empt and put in place the necessary arrangements to promptly respond to these proposed legislative requirements and ensure compliance therewith once the Climate Change Bill is enacted.

Challenges

- Limited technical and financial resources already pose a challenge for current capacities to adapt to a changing climate.
- Increased temperatures, drought, and the increase in frequency and severity of storm events will impact on the crops that can be grown and potentially result in a loss of livestock.
- Drought, reduced runoff, increased evaporation, and an increase in flood events will impact on both water quality and quantity.
- No budget for climate change projects.
- Veld fires damages biodiversity and leads to erosion and air pollution.

Recommendation:

- Development planning, agricultural practices and resource use should include actions to manage the existing and predicted effects of climate change, including impacts on temperature, rainfall and water availability.
- Expand and extend existing Expanded Public Works Programmes to assist in clearing of storm water drainage systems.
- Increase maintenance of dams to ensure sediment is properly controlled.

Global Warming (Climate Change) Agriculture

Indicators	Name	Status	Challenges
Desease in food	Food security	Community product: Livestock farming	No By-laws, no restriction on yield of grazing camps and no developing
Agriculture		Water catchment	Funds to support with JoJo tanks for the catchment of water to support the growing of vegetables.
		Awareness on vegetable growing	Awareness and Training, nothing is in place, skilled employees not on the current structure.
		Hydroponic culture-Commercial for growing vegetables, etc	Awareness, training and developing.
		Develop a seed banking system	Not in place

Biodiversity

Indicators	Name	Status	Challenges
Biodiversity Management plan & Climate change plan	By-laws and Policies	Not in place	The function not on the current structures

Water catchment forums	Water catchment forum	None	To promote the importance hereof
Greening	Planting of trees	Low	Function not in the Structure.

ELECTRICITY AND POWER SUPPLY.

SOURCES OF ENERGY.

Eskom supplies electricity in Mafube L.M. An alternative energy source is currently not available, only a few households have solar geysers. Mafube Local Municipality should conduct a research on the availability of alternative energy source.

Installation of solar geysers in households, schools, early childhood development centres, and clinics will save energy, for developing our towns and cities. Mafube Local Municipality will also look in the option of installing solar streets lights, in the newly established townships.

RETICULATION.

Rural Free State (Service Provider) manages and maintains the electricity networks for Mafube L.M area (Ward 1, 3, 4, 5, 8, 9 and Part of ward 7). Ward 2, 6 and part of ward 7, and rural areas are supplied by Eskom. There is no electricity master plan this affects long term planning from a capacity point of view. Electricity losses information is currently not available. Eskom has upgraded the MV line supply for Frankfort, a detailed report on energy capacity for all Mafube Towns is required to ensure coordinated development and Economic growth.

National and Provincial Priorities

NDP Goal	**The proportion of people with access to the electricity grid should rise to at least 90 percent by 2030**
MTSF Goal	**Members of society have sustainable and reliable access to basic services.**
FSGDS Goal	**Provide new basic infrastructure at local level (water, sanitation and electricity).**

TABLE 19: STATUS OFSECTOR PLANS RELATING TO ELECTRICITY

	Availability	Status
Master Plan	Not available	
Energy Plan	Not available	
Operations and Maintenance Plan	Available	

TABLE 20: Number of Households in Urban area with access to Electricity

Wards	N0. of HH's	Service level above RDP (with metered yard connection)	Service level below RDP(Using other alternative sources)	N0. ofHH's receiving free basic electricity	Area's with unreliable service	Area's with access to public lighting	Intervention required
WARD 1	1922	1922		3680 registered indigent HH receive free basic Electricity	None	All area have access, except for newly established areas	Funds for the connection of newly established sites, and funds for the public lighting infrastructure .
	412		412				
WARD 2	1650	1650					
WARD 3	1356	1356					
WARD 4	1370	1370					
	253	253					
WARD 5	1823	1823					
WARD 6	1450	1450					
WARD 7	3050	3050					
	700	350	350				
WARD 8	3038	3038					
	405		405				
WARD 9	1992	1992					

TABLE 21: Number of Households in Rural area with access to Energy for lighting (source)

Electricity	823
Gas	1
Paraffin	11
Candles	560
Solar	28
None	6

ROADS, STORMWATER AND PUBLIC TRANSPORT.

The National Department of Transport (DoT), as part of the S‟Hamba Sonke Programme, has provided grant funding for the implementation of Road Asset Management Systems (RRAMS) as set out in the framework for the Rural Road Asset Management System Grant (RRAMS), Division of Revenue Act (DORA).

The strategic goal of the RRAMS Grant is to ensure efficient and effective investment in rural roads through the development of Road Asset Management Systems (RRAMS) and the collection of associated road and bridge inventory data, condition assessments and traffic information. Improved data on rural roads will guide infrastructure investment, improve accessibility to and mobility of rural communities. The Fezile Dabi District Municipality has been involved with the RRAMS Grant since August 2014.

ROADS.

In terms of road infrastructure, 90% of all roads in Mafube are in a poor state, of which 195km are unpaved. In an attempt to address this, the municipality has developed programs of grading and graveling the roads, to improve the quality of roads and transportation systems. Municipality needs to develop a Comprehensive Infrastructure plan, and the Operations and maintenance plan for the road infrastructure, to meet the MTSF goal/objective of expanding and maintain basic and road infrastructure.

STORM WATER.

There is no storm water master plan resulting in *adhoc* projects being identified where complaints are received. Problems are being experienced in JJ Radebe Street, and Frankfort where concrete pipes, and drains are collapsing. Mafube L.M also need to develop a Maintenance Plan for the storm water infrastructure. Storm water damage to the environment is receiving little attention with soil erosion progressing unabated in certain area.

PUBLIC TRANSPORT.

The majority of public transport facilities in the Mafube Municipality area is informal and requires serious upgrading, Mafube L.M need to develop a Transport Plan, taking into consideration for the non-motorist transport.

National and Provincial Priorities

NDP Goal	**Economic infrastructure**
MTSF Goal	**Expand and maintain basic and road infrastructure**
FSGDS Goal	**An efficient, competitive and responsive economic infrastructure network; Protect and enhance our environmental assets and natural resources**

TABLE 22: STATUS OF SECTOR PLANS RELATING TO ROADS AND TRANSPORT

	Availability	Status
Integrated Transport Plan	Not available	
Roads Development plan for improving rural road infrastructure	Not available	
Operations and maintenance Plan	Not available	

TABLE 23: Access to Roads and Storm water channels per ward

WARDS	0 – 15%	25% Paved	50% Paved	75% Paved	100% Paved	INTERVENTION REQUIRED
WARD 1			?			Development of the Integrated Transport Plan, Operational Plan and funding for upgrading of gravel roads to paved or tarred road.
WARD 2	?					
WARD 3				?		
WARD 4			?			
WARD 5			?			
WARD 6		?				
WARD 7		?				
WARD 8		?				
WARD 9		?				

TABLE 24: Availability of Basic services to Taxi Ranks

Mafube L.M	Number	Access to water	Access to sanitation	Access to Public lighting	Access to roads	Backlog
Frankfort	1	Not available	Not available	Not available	Available	Road needs maintenance
Namahadi	1	Available	Not available	Available	Available	Road needs upgrading and maintenance
Villiers	1	Available	Available	Available	Available	Road needs maintenance
Qalabotjha	1	Available	Not available	Not available	Available	Road needs maintenance
Cornelia	1	Not available	Not available	Not available	Available	
Tweeling	1	Not available	Not Available	Not available	Available	

SUSTAINABLE HUMAN SETTLEMENTS.

According to the Vancouver Declaration (1976), „Human Settlements‟ are defined as "the totality of the human community - whether city, town or village - with all the social, material, organizational, spiritual and cultural elements that sustain it. The fabric of human settlements consists of physical elements and services to which these elements provide the material support."

The physical elements entail the following:

- Improved access to shelter (a house);
- Improved access to basic services;
- Upgrading of land tenure rights;
- Improved access to social facilities and services;
- Affirmation of the integrity and dignity of the settlement beneficiaries;
- Actions towards unlocking the economic development potential of the settlement; and
- Improved access to amenities.

The Mafube Local Municipality Housing Sector Plan was adopted by Council in 2012 and is currently under review. It provides an analysis of the housing situation within the municipality and outlines strategies to address the backlog and the associated housing problems. It clearly indicates the growth of the urban core and the need to accommodate the ever increasing demand for housing. The result of the ever increasing demand for housing has been the spawn of informal settlements or back-yard shacks. However, this plan is now outdated as it predates the introduction of a new national housing policy and does not provide sufficient guidance towards the development of sustainable urban human settlements.

SOCIAL SERVICES : Housing
TABLE 25: STATUS OF HOUSING SECTOR PLANS RELATING TO HOUSING

	Availability	Status
Integrated Human Settlement Plan	**Not available**	
Housing sector Plan	**Available**	**Functional**

HOUSING DELIVERY

Human settlement development is currently the sole mandate of the Free State Department of Human Settlements. However, Mafube LM has a facilitation role to play.

RDP Housing Backlog and Site Waiting List

According to the municipal information collected in 2021, Frankfort has the highest housing backlog for RDP housing and the longest site waiting list. This may be because Frankfort has the highest population number, and most advanced economy causing in migration due to the „promise‟ of employment opportunities. The LM established four townships, which include Namahadi Extension 9, Qalabothja Extension 13, Cornelia Extension 7, and Tweeling Extension 1. During 2021 the Municipality disposed of approximately 1 785 residential sites. Even so, this delivery did not satisfy even half of the housing demand which is in excess of 9242 people on the residential sites waiting list.

Table 26: RDP and Site Backlogs

Town	Waiting list for RDP houses	Unfinished RDPs	Site Disposal 2020/2021	Residential site waiting list
Frankfort	**317**	**444**	**Namahadi Ex9 =726**	**4506**
Villiers	**350**	**69**	**Qalabothja Ext 13 = 249**	**4190**
Cornelia	**943**	**25**	**Extension 7= 204**	**803**
Tweeling	**274**	**unknown**	**Extension 1= 259**	**1028**
Total			**1 438 (Subtract others)**	**7845**

Informal Settlements

Mafube LM had its last Township Establishment in 2015, whereby the residential sites were disposed of after six years. This might have contributed to the high rate of informal settlements and land invasion in the municipality. The tables below depicts that Frankfort, in particular Namahadi, has a high informal settlement rate as compared to the other three towns. This may be because Frankfort offers a higher variety of socio-economic opportunities. Namahadi may be receiving an influx of people from the other three towns and rural hinterland.

The municipality has approximately 41 informal settlements which are home to an estimated 1 658 households. With assistance from Free State Department of Human Settlement, the municipality has adopted a provincial approach to upgrading informal settlements, wherein a service provider has been appointed to review and update the information of all the informal settlements. As illustrated in the tables below, the majority of these, are located in and around Frankfort/Namahadi, whilst some informal settlements are located in Villiers. Furthermore, there is a low level of informal settlements in towns such as Cornelia and Tweeling. However, there are existing, fully serviced settlements without approved Surveyor general diagrams in these areas.

The municipality is working with the HDA and FSDHS in the development of formalising the profiled settlement, and investigating the newly emerging informal settlements marked in green in the table. This will assist the municipality to have a coordinated and integrated approach when upgrading its informal settlements.

Table 27: Frankfort Informal Settlements

Ward	Informal settlement	Zoning	Cate-gories	Counted structure
7	6119 Phomolong	Educational	A	124
7	6082 Phomolong	Educational	A	54
7	5836 Phomolong	Educational	A	43
7	4851 Phomolong	POS	A/C	35
7	4873 Phomolong	POS	A	37
7	5126 Phomolong	POS	A/C	35
7	6191 Phomolong	POS	A	40
7	6581 Phomolong	POS	A	31
7	6138 Phomolong	Business	A/C	35
7	6809 Phomolong	POS	A	39
7	5990 Phomolong	POS	A	25
7	6040 Phomolong	Community Facility	C	21

2	7674 Ext 9	POS	A	38
7	Farm Arya 75	Agricultural	A/C	75
7	Farm Arberden 530	Agricultural	A	153
7	4887 Phahameng	POS	A/C	36
7	5291 Phomolong	Community FacilitY	A	8
7	5746 & 5747	Community facilitY	A	10
7	5486 Phomolong	POS	A	10
7	3161 Phahameng	POS	A	6
5	4767 Sebata	POS	A	4
5	2962 Sebata	POS	A	6
7	6203 Phomolong	POS	A	10
7	1730	Educational	A	3

Table 28: Villiers, Cornelia and Tweeling Informal Settlements

Town	Ward	Informal settlement	Zoning	Cate-gories	Counted structure
Villiers	3	859	POS		60
	9	2755			87
	9	2553 or 29/492			60
	3	3255	Educational		84
	8	Ext 8 ERF 709			166
		Between			56
		Provincial road and Ext 8			64
		Between N3 and Ext 8 - Wetland			65
Cornelia	1	Magashule A	Municipal land		
		Magashule B (Erf 839)	Educational		140
Tweeling	9	Next to graveyard			250

TABLE 29: Availability of basic Services to Businesses/Commercial and industries

Mafube L.M	Number	Access to water	Access to sanitation	Access to electricity	Access to roads	Access to public lighting	Backlog/ area's with unreliable services
Businesses/ Commercial	305	Available	Available	Available	Available	Available	Maintenance is not of quality
Manufacturing/ industrial	23	Available	Available	Available	Not available	Available	The road is aged and others are not tarred/paved

HEALTH INSTITUTIONS

Emergency Rescue Services (EMRS) and Fire Station is located in Frankfort. The Riemland Private Hospital is the only private hospital within the municipal area. There is a need for a satellite centre for EMRS and Fire services, in Villiers, as there is a National Road that runs through this Town. Mafube local municipality has a total number of 8 clinics, even thou, most of our clinics are crowded, as you will find queues as early as 05:00 AM, and this is evident in Frankfort and Villiers, in Frankfort there is a need for another clinic, even Mobile clinics will assist, in this regard. Villiers have enough clinics, the only issue, is the shortage of stuff (Nurses) to serve members of the society, and to make sure that communities have access to primary health care (NDP, MTSF and FSGDS goal)

TABLE 30: Health Services (Clinics and Hospitals) :Backlogs or needs in relation to national norms and standards:

Local Municipality	Town	Hospitals	BACKLOGS	Access to basic services (Water, sanitation, electricity and roads)	Intervention required
MAFUBE	Cornelia	0	One public Hospital services the four towns in Mafube	Available and in a good functional state	Building of another hospital in Villiers as this town is along the N3, and is closer to Cornelia, and also building another clinic in Namahadi. As the current one in ward 7 is small.
	Frankfort	Frankfort Hospital (Public) Riemland (Private)			
	Tweeling	0			
	Villiers	0			
	TOTAL	2			

TABLE 31: Clinics and Community Health centre (Per ward)

Mafube L.M	Clinic's	Access to Basic services (water, sanitation and electricity)	Access to Roads	Mobile clinics for rural area's	Community Health centre
Cornelia	1 (Ward 1)	Available	Available	1	1
Frankfort	3 (Ward 2; 5;	Available	Available	1	1
	6)				
Tweeling	1 (Ward 8)	Available	Available	0	0
Villiers	3 (Ward 3; 4; 4)	Available	Available	1	1
Total	8			3	3

EDUCATION FACILITIES.

Access to education facilities seems to be generally good in urban areas, but a huge challenge can still be found in rural areas as some children still walk long distances to and from school. The other challenge with rural schools is that most of these school don‟t have different teaches for different subjects and languages, even access to basic services is not available in some schools. Even the buildings infrastructure is not in good conditions. The municipality is developed with about 20 urban, 12 rural schools including both primary and secondary schools, and about 34 ECD‟s. This is broken down further in the tables below.

TABLE 32: Early childhood development Centres

Town	N0. of ECD's	Access to water	Access to sanitation	Access to electricity	Access to roads
Cornelia/ Ntwanatsatsi	03	03	02(1 using buckets)	03	03
Tweeling/Mafahlaneng	07	05	04	05	Dirt road
Villiers/Qalabotjha	06	06	06	06	Yes
Frankfort/Namahadi	18	15 (3 communal taps)	15 (3 using buckets)	13	Yes

TABLE 33: Primary and secondary schools Urban Area in Mafube local municipality

Wards	N0. of Primary Schools	N0. of Combined Schools	N0. of Secondary Schools	Access to ICT Infrastructure	Access to Basic services (Water, sanitation and electricity)
WARD 1	1		1	All schools have access	All school have access to electricity
WARD 2			1		
WARD 3	1		1		
WARD 4	1	1	2		
WARD 5		1			
WARD 6	3		2		
WARD 7	1				
WARD 8	1	1	1		
WARD 9	0	0	1		
TOTAL	8	3	9		

TABLE 34: Number of schools in rural Area in Mafube local municipality

N0. of Primary Schools	Access to water	Access to sanitation	Access to electricity	Access to ICT Infrastructure
12	10 have access and 2 don‟t have access	1 have access, 1 is using a VIP toilet, 9 are using pit toilets and 1 doesn‟t have access	5 have access and 7 doesn‟t have access	None

TABLE 35: Libraries in Mafube L.M (Per ward)

Ward number	N0. of Libraries	Access to Electricity	Access to ICT infrastructure	Access to water	Access to sanitation	Access to roads	Backlog
Ward 1	1	Yes	Yes	Yes	Yes	Yes	
Ward 2	0						
Ward 3	0						
Ward 4	1	Yes	Yes	Yes	Yes	Yes	Road need maintenance
Ward 5	1	Yes	Yes	Yes	Yes	Yes	
Ward 6	1	Yes	Yes	Yes	Yes	Yes	
Ward 7	0						
Ward 8	1	Yes	Yes	Yes	Yes	Yes	
Ward 9	0						
Total	5						

COMMUNITY HALLS.

The municipal area has a total number of seven community halls. All of these are administered by the Local municipality, Operations and Maintenance Plan need to be developed, and Implemented to ensure that, such facilities, are kept in good conditions.There is a need for additional halls (Ward 2, 7 and 9) based on the size and geographic spread of the population. At the moment some of the ward Councillors are using Sports grounds and open spaces, to convene their public meetings. Development of multi-use community facilities which may serve as pension-pay-points, indoor sports facility and place of assembly should be investigated.

TABLE 36: Community halls in Mafube L.M (Per ward)

Ward number	No. of Community halls per ward	Access to Electricity	Access to water	Access to sanitation	Access to roads	Backlog
Ward 1	**2**	**Yes**	**Yes**	**Yes**	**Yes**	
Ward 2	**0**					
Ward 3	**0**					
Ward 4	**1**	**Yes**	**Yes**	**Yes**	**Yes**	**The hall is shared by 3 wards, and is situated at the beginning of the location**
Ward 5	**1**	**Yes**	**Yes**	**Yes**	**Yes**	
Ward 6	**1**	**Yes**	**Yes**	**Yes**	**Yes**	**The hall is shared by 3 wards, and is situated at the beginning of the location**
Ward 7	**0**					
Ward 8	**2**	**Yes**	**Yes**	**Yes**	**Yes**	
Ward 9	**0**					
Total	**7**					

TABLE 37: Youth advisory centres in Mafube L.M (Per ward)

Ward number	No. of Youth advisory centres	Access to ICT Infrastructure	Access to Electricity	Access to water	Access to sanitation	Access to roads	Backlog
Ward 1	**1**	**yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Two towns of Mafube L.M don‟t have youth advisory centres (Frankfort and Tweeling)**
Ward 2	**0**						
Ward 3	**0**						
Ward 4	**1**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	
Ward 5	**0**						
Ward 6	**0**						
Ward 7	**0**						
Ward 8	**0**						
Ward 9	**0**						

SPORTS FACILITIES.

TABLE 38: Sports facilities formal/informal in Mafube L.M (Per ward)

Ward number	N0. Of formal Sports facilities	No. of Informal Sports Facilities	Access to Electricity	Access to Public lighting	Access to water	Access to sanitation	Access to roads	Backlog
Ward 1	1	1	No	No	No	No	No	
Ward 2	0	1	No	No	No	No	No	
Ward 3	0	0						
Ward 4	2	0	Yes	1 has access	1 has access	1 has access	yes	1 needs upgrading as it vandalized
Ward 5	1 private	0	Yes	Yes	Yes	Yes	Yes	
Ward 6	2	0	No	No	Yes	No	Yes	1 needs upgrading
Ward 7	0	2	No	No	No	No	Yes	Road needs upgrading
Ward 8	2	0	Yes	Yes	Yes	Yes (toilets needs upgrading)	Yes	
Ward 9	1	0	Yes	Yes	Yes	Yes	Yes	

TABLE 39: Mafube L.M Community Parks

Ward number	N0. of parks	Access to public lighting	Access to water	Access to sanitation	Access to roads	Backlog
Ward 1	0					
Ward 2	0					
Ward 3	1	No	Yes	No	Yes	Upgrading of the road
Ward 4	1	No	Yes	No	Yes	
Ward 5	5	No	Yes	No	Yes	
Ward 6	2	No	Yes	No	Yes	Upgrading of the road
Ward 7	0					
Ward 8	1	No	Yes	No	Yes	
Ward 9	0					

CEMETERIES.

Access to burial facilities is one of the key challenges facing the Mafube Municipality, as most burial facilities are near to be full to capacity. Land needs to be allocated for burial facilities, in Frankfort and Villiers.

TABLE 40: Mafube L.M Community Cemeteries

Ward number	N0. of Cemeteries	Access to public lighting	Access to water	Access to sanitation	Access to roads	Backlog
Ward 1	2	Not available	Available	Not available	Available	Road needs to be upgraded
Ward 2	None					
Ward 3	None					
Ward 4	2	Available	Available	Not available	Available	Road needs maintenance

Ward 5	**1**	**Not available**	**Available**	**Not available**	**Available**	
Ward 6	**2**	**Not available**	**Available**	**Available**	**Available**	
Ward 7	**1**	**Not available**	**Not available**	**Not available**	**Available**	**Road needs upgrading**
Ward 8	**2**	**Not available**	**Available**	**Available**	**available**	**Road needs upgrading**
Ward 9	**None**					

POLICE STATIONS AND CORRECTIONAL SERVICES

There are four permanent police stations in Mafube LM and there is a need for two satellite stations, in Qalabotjha and Namahadi ward 7, as this has been raised in the IDP public participation meetings. SAPS has established Community policing forum"s, to Build safer Communities (NDP Goal), and to ensure that all people in Mafube L.M are and feel safe (FSGDS Goal). Services offered range from child protection, serving the community and domestic violence.

To Crub crime and streamline criminal justice performance (MTSF goal), Mafube Local Municipality has four Magistrate offices, and one Correctional facility situated in Frankfort.

Table 41: Safety and Security (Police stations and Magistrates Offices): National and Provincial Priorities

NDP Goal	Building a safer communities
MTSF Goal	Crub crime and streamline criminal justice performance
FSGDS Goal	All people in S.A are and feel safe; an inclusive and responsive social protection system

Backlogs or needs in relation to national norms and standards:

Local Municipality	Police stations	Urban	Rural	Magistrate Offices	Access to basic services (Water, sanitation, electricity and Roads)
MAFUBE	Cornelia (ward 1)	1	0	1	Available and in a good state
	Frankfort (Ward 6)	1	0	1	Available and in a good state
	Tweeling (Ward 8)	1	0	1 Periodically	Available and in a good state
	Villiers (Ward 4, Town)	1	0	1	Available and in a good state
TOTAL		4	0	4	

Chapter 3: Service Delivery and Implementation Plan

1. Key Deliverables over the 2023/2024 Financial Year

1.1 Office of the Mayor Strategic plans Office of the Mayor

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial Strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance
Municipal strategic Priority	To ensure that all key municipal stakeholder is engaged.

Key Performance Area	Programmes	Key performance Indicator	Baseline 2021/22	Prior Year 2022/23	Annual Target 2023/24	Actual Performance	Reasons for non- performance	Corrective measures to be taken	Internal Audit comment	Comment on verification	Budget	Unit of measure	Pre-Determined Evidence	ref
Good Governance and public participation	Mayoral Programmes	Number of Operation Hlasela organised and held	0	0	4	1	The operation hlasela was planned for grading of roads and cleaning of dumping sites however due to lack of yellow fleet the programme failed.	To be held on the next quarter		Not achieved		Number	Invitations, Attendance Registers and Pictures	1.1.1
Good Governance and public participation	Mayoral Programmes	Number of Mayoral Imbizo’s organised and held.	0	0	4	1				Not Achieved	Nil	Number	Invitations, Attendance Registers and Pictures	1.1.2

Good Governance and public participation	Mayoral Programmes	Number of stakeholders meetings held	0	0	12	4	Other planned meetings did not succeed due to unavailability of stakeholders	To be held on the next quarter		Not Achieved	Nil	Number	Invitation, Attendance Register and Minutes	1.1.3
Good Governance and Public Participation	Youth development;	Number of youth development programmes organized and held	1	0	12	5	0	0		Not Achieved	Nil	Number	Invitation, attendance Register, minutes/report	1.1.4
		Numberof youth indaba held	0	0	1	0				Not Achieved	Nil	Number	Invitations, Attendance Registers and Pictures	1.1.5
		Number youth council established	0	0	1	0	The is no youth Council policy or guiding tool in place	The policy or guiding tool will be developed and submitted to Council for noting or approval, thereafter the youth council will be established on the next quarter		Not Achieved	Nil	Number	Invitation, Attendance Register and Minutes	1.1.6

		Number youth council meetings held	0	0	4	0	There is no youth council in place			Not Achieved	Nil	Number	Invitation, Attendance Register and Minutes	1.1.7
		Number of programmes held for People with disability	0	1	4	0	The planned programme could not materialised due to unavailability of stakeholders			Not Achieved	Nil	Number	Invitation, Attendance Register and pictures	1.1.8
		Number of community awareness programmes conducted on HIV/AIDS,CANCER &TB	0	1	4	1				Not Achieved	Nil	Number	Invitation, Attendance Register and pictures	1.1.9

6. Office of the Speaker Strategic plans, office of the Speaker

National Outcome			A responsive and accountable, effective and efficient local government system										
NDP Objective			Developing a capable and Development State										
Provincial strategic Objective			Efficient Administration and Good Governance										
Pre- Determined IDP Objective			Promote a culture of participatory and good governance										
Municipal strategic Priority			To ensure that all key municipal stakeholder is engaged.										
Key Performance Area	Programmes	Key Performance Indicator	Baseline 2020/21	Prior Year 2021/22	Annual Target 2022/23	Actual performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit Comments	Comments on verifications	Budget	Unit of measure	Pre-Determined Evidence	Ref
Good Governance and Public Participa Tion	Public participation	Number of Ward Councillors' public meetings in all wards	9	0	108	20	Unavailability of Councillors due to other Commitment	Adherence of the Schedule		Not Achieved	Nil	Number	Invitation and Attendance Register.	1.1.10
		Number of Ward committee meetings held	4	0	108	22	Unavailability of Councillors due to other Commitment	Adherence of the Schedule					Invitation and attendance register	1.1.11
		Number of Community engagement meetings for the IDP Review 2024/2025	9	0	9	9	Unavailability of the Mayor	Programme will commence alongside the Budget roadshow					attendance register	1.1.12

7. Directorate: Office of the Municipal ManagerStrategic plans, office of the Municipal Manager

6.1Unit/ department: Integrated Development Planning (IDP)

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance.
Municipal strategic Priority	To facilitate the optimal functioning of Council.

Key Performance Area	Programmes	Key performance Indicator	Baseline 2021/22	Prior year 2022/23	Annual Target 2023/23 4	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit Comment	Comments on verification	Budget	Unit of measure	Pre-Determined Evidence	ref
Good Governance and Public Participation	IDP	Number of IDP/PMS and Budget Process Plan developed and approved by council and advertised for public comments.	1	1	1	1				Achieved	R20 000	Number	IDP/PMS and Budget Process Plan and council resolution, Advert, Website screenshot	6.1.1

		Number of IDP approved by council and advertised for public comments	0	1	1	1				Achieved	Nil	Numbe r	IDP, council resolution, Advert, Website screenshot	6.1.2
		Number of SDBIP developed and submit to Mayor and Council and advertised for public comments	0	1	1	1				Achieved	Nil	Numbe r	SDBIP (Mayor and MM), council resolution, Advert, Website Screenshot	6.1.3

7.1 Unit/ department: Performance Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance
Municipal strategic Priority	To facilitate the optimal functioning of the Council

Key Performance Area	Programmes	Key Performance Indicator	Baseline 2021/22	Prior year 2022/23	Annual Target 2023/24	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit Comments	Comments on verification	Budget	Unit of measure	Pre-Determined Evidence	Ref
Good Governance and Public Participation	Performance Management	Number of Workshops/trainings conducted on performance management system	1	1	2	1	The unit seeks the support of the accounting officer	Unit is to continue with the programme of training in the next financial year		Not Achieved	Nil	Number	Invitation, Agenda, Minutes and attendance Registers	6.2.1

		Number of 2022-2023 Draft Annual report Submitted to AGSA and Council. Also advertised for public comments	0	1	1	0	Annual Report submitted to A.G for Auditing	Awaiting Audit of 2022-23 to be finished.		Not Achieve	Nil	Number	Annual Report, Agenda, Advert, website screenshot	6.2.2
		Number of Quarterly performance reports submitted to council on the actual performance of top layer SDBIP.	4	4	4	2	Report complete and submitted to Internal Audit.	Accountig Offier toto take report to council		Not Achieved	Nil	Number	Reports per quarter and council resolutions	6.2.3
		Performance Assessments conducted	0	0	4	0	Directors have not signed Performance agreements	The municipal Manager to ensure that performanc e agreement are signed		Not Achieved	Nil	Number	Assessment reports	6.2.4

6.3 Unit/ department: Internal Audit

National Outcome	A responsive and accountable, effective and efficient local government system													
NDP Objective	Developing a capable and Development State													
Provincial strategic Objective	Efficient Administration and Good Governance													
Pre- Determined IDP Objective	Promote a culture of participatory and good governance													
Municipal strategic Priority	To ensure a fully functional Audit Unit.													
Key Performance Area	**Programmes**	**Key performance Indicator**	**Base line 2021/ 22**	**Prior Year 2022 /23**	**Annual Target 2023 /24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Internal Audit Comment**	**Comm ent on verification**	**Budget**	**Unit of measure**	**Pre- Determined Evidence**	**Ref**
Good Governance and Public Participation	Internal Audit	Number of Audit committee reports submitted to Council	0	4	4	1	0	0		Not Achieved	Nil	Number	Audit Committee Report Agenda	6.3.1
		Number of Audit committee meetings held per annum	0	1	4	1	All meetigs for the quarter were prosponed			Not Achieved	Nil	Number	Agendas Attendance registers Minutes of the AC Meetings	6.3.2
		Number of Quarterly internal audit reports submitted to Audit Committee for implementation of internal audit plan	0	4	4	0				Not Achieved	Nil	Number	Agendas Attendance registers Minutes of the AC Meetings	6.3.3

6.4 Unit/ department: Risk Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance
Municipal strategic Priority	To ensure a fully functional Audit Unit.

Key Perform ance Area	Programmes	Key performance Indicator	Base line 2022/ 23	Prio r Year 2022 /23	Ann ual Targ et 2023 /24	Actual Perform ance	Reasons for non-performance	Corrective measure tobe taken	Intern al Audit Comm ents	Comme nts on verifica tions	Bud get	Unit of meas ure	Pre-Determi ned Evidence	Ref
Good Governa nce and Public Particip ation	Risk Manage ment	Number of Risk Registers updated	0	4	4	0	Officials not responding and attending risk sessions	Risk Officer made a report on the 3rd quarter requesting MM's intervention		Not Achieved	Nil	number	Risk Register per directorat e and attendanc e register	6.4.1
		Number of Risk committee meetings held.	0	4	4	0	The RMC does not a Chairperson, thus cannot sit for a meeting	A letter requesting APC to appoint one of its member to be a Chairperson of RMC was issued on the 3rd quarter but no answer received yet from APC		Not Achieved	Nil	number	Invitation, attendanc e register and minutes	6.4.2
		Number of Risk committee Reports,	0	4	4	0	The RMC does not a Chairperson,	A letter requesting APC to appoint one		Not Achieved	Nil	number	Reports and Audit Committee	6.4.3

		submitted to the Audit Committee					thus cannot sit for a meeting	of its member to be a Chairperson of RMC was issued on the 3rd quarter but no answer received yet from APC					Minutes	
		Number of Workshops/Trainings for Risk Champions on risk management	0	2	2	0				Not Achieved	Nil	Number	Invitation, Attendance Register, and Minutes	6.4.4

6.5 **Unit/Department: Communication**

National Outcome	**A responsive and accountable, effective and efficient local government system**
NDP Objective	**Developing a capable and developmental state**
Provincial Strategic Objective	**Efficient administration and good governance**
Pre-determined IDP Objective	**Promote a culture of participatory and good governance**
Municipal Strategic Priority	**To ensure a fully functional Audit Unit**

Key Performance Area	**Programme**	**Key Performance Indicator**	**Baseline Indicator 2021/2022**	**Prior Year 2022/2023**	**Reporting**									
					Annual Target 2023/2024	**Actual Performance**	**Reasons for non-performance**	**Corrective mergers to be taken**	**Comments**	**Verification**	**Budget**	**Unit of measure**	**Evidence submitted**	**Ref**
Good Governance and Public Participation	Corporate communications	Number of Communications policy approved by council.	0	1	1	0			Not Achieved		Nil	Number	Approved policy and council resolution	6.5.1
		Number of Batho Pele service standards and Charter developed and approved by council.	0	1	1	0			Not Achieved		Nil	Number	Batho-Pele service charter and council resolution	6.5.2

Directorate: Office of the Chief Financial OfficerStrategic plans,

office of the Chief Financial Officer

7 Unit/ department: Revenue

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Effective collection of revenue
Municipal strategic Priority	To ensure the effective and efficient management of municipal revenue and cash-flow according tonational norms and standards

Key Performance Area	**Programmes**	**Key performance Indicator**	**Base Line 2021/22**	**Prior Year 2022/23**	**Annual Target 2023/24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Internal Audit comment**	**Comment on verification**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Municipal Financial Viability and Management	Revenue	Number of Revenue policies reviewed and approved	0	7	7	7				Achieved	R135103908	Number	Approved revenue policies and Council resolution	7.1
		Number of updates conducted on the indigent register.	1	4	4	4				Achieved	Nil	Number	Indigent register	7.2

		% of Queries resolved within 48 hours	50%	100 %	100%	100%				Achieved	Nil	Percentage	Customer care complaint register	7.3
		Number of monthly billing conducted	0	12	12	9				Partialy Achieved	Nil	Number	Statements	7.4

7.2 unit/ department: Expenditure

National Outcome				A responsive and accountable, effective and efficient local government system										
NDP Objective				Developing a capable and Development State										
Provincial strategic Objective				Efficient Administration and Good Governance										
Pre- Determined IDP Objective				To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.										
Municipal strategic Priority				To implement an effective and efficient system of expenditure										
Key Performance Area	**Programmes**	**Key performance Indicator**	**Base Line 2020/ 21**	**Prior Year 2021/ 22**	**Annual Target 2022/ 23**	**Actual Performance**	**Reasonsfor non-performance**	**Corrective measure to be taken**	**Internal Audit Comment**	**Comment on verification**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Municipal Financial Viability and Management	Expenditure & Payroll	Number of Fruitless and wasteful expenditure reports submitted to council.	4	4	4	1	Fruitless and Wasteful register is available	The policy will be reviewed and approved for the coming Financial year.		Not Achieved	Nil	number	Council resolution , and Fruitless and wasteful expenditure report.	7.2.1
		Number of Payroll reports developed and submitted to the accounting officer.	12	12	12	6					Nil	number	Payroll report and acknowledge of receipt from AO	7.2.2

		Number of Statutory deductions submitted to SARS,	12	12	12	10					Nil	numb er	Council resolutio	7.2.3
		Percentage of reconciled creditors	0%	50%	50%	0%	Awaiting for the final set of the AFS with regards to the opening balances			Achieve	Nil	Percenta ge	Report from E-Venus system	7.2.4

7.3 Unit/ department: Supply Chain Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.
Municipal strategic Priority	To implement an effective and efficient system of supply chain management

Key Perform ance Area	Progra mmes	Key performance Indicator	Base line 2021/ 22	Prior year 2022 /23	Annual Target 2023 /24	Actual Perform ance	Reasons for non- perform ance	Corre ctive meas ure to be taken	Intern al Audit Com ment	Comm ent on verific ation	Bud get	Unit of measu re	Pre- Determi ned Evidence	Ref
Municip al Financial Viability and Management	SCM	Number of procurement plan developed.	1	1	1	0				Not achieved	Nil	Numb er	Approved consolidated procurement plan and council resolution	7.3.1
		Number of Chain Management Policy reviewed and approved by Council.	**1**	1	1	1				Achieved	Nil	Numb er	Approved Supply Chain Management Policy and Council resolution	7.3.2
		Number of stock takes conducted	2	4	4	0	Stock count was not done as anticipated			Achieved	Nil	Numb er	Stock count sheets, Variance report, adjustments reports	7.3.3

							due to backlog that resulted from non-payment of salaries for the past 3 months.(May-July)							
		Number of quarterly updates on suppliers database	1	4	4	1							Updated Database register	7.3.4

7.4 Unit/ department: Budget

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.
Municipal strategic Priority	To ensure that the municipal budget and financial reporting process are compliant with applicablelegislation.

Key Perform ance Area	Progra mmes	Key performanc e Indicator	Base line 2021/ 22	Prior Year 2022 /23	Ann ual Targ et 2023 /24	Actual Perform ance	Reasons for non- perform ance	Corre ctive measure to be taken	Internal Auditcom ment	Comm ent on verific ation	Bud get	Unit of meas ure	Pre- Determi ned Evidenc e	Ref
Municip al Financial Viabilityand Manage ment	Budget	Number of Budget compiled and submitted to council for adoption	1	1	1	1				Achieved	Nil	Numb er	Council resolution	7.4.1
		Number of section 52 (d) submitted to Council	1	4	4	1	Report is still be populated			Not Achiev ed	Nil	Numb er	Council resolution	7.4.2
		Number of Mid-year Budget and Performance Assessment	1	1	1	1				Achieved	Nil	Numb er	Council resolution	7.4.3

		reports submitted											

7.5 Unit/ department: Assets

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.
Municipal strategic Priority	To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.

Key Perform ance Area	Progra mmes	Key performanc e Indicator	Base line 2020/ 21	Prio r year 2021 /22	Ann ual Tar get	Actual Perform ance	Reasons for non- performan ce	Corre ctive measure to be taken	Internal Auditcom ment	Comm ent on verific ation	Bud get	Unit of meas ure	Pre- Determined Evidence	Ref
Municipal Financial Viability and Manage ment	Assets	Percentage Fixed Asset Register (FAR) compiled and updated annually in line with GRAP requirements	0%	100%	100%	100% 0%	0	0		Achieved	Nil	Num ber	Quarterly update of fixed asset register in line with GRAP	7.5.1
		Number of updates completed on the asset register	1	4	4	2				Not Achieved	Nil	Num ber	Assets register	7.5.2

		Number of verifications conducted on the asset register	0	2	2	0					Nil	Numb er	Assets verification report	7.5.3

7.6 Unit/ Department: Financial Accounting

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.
Municipal strategic Priority	To ensure the effective and efficient management of municipal revenue and cashflow according to nationalnorms and standards.

Key Performa nce Area	Program mes	Key performa nce Indicator	Base line 2020/ 21	Prior year 2021/ 22	Annual Targ et 2022/ 23	Actual Performa nce	Reasons for non-performa nce	Correct ive measur e to be taken	Internal Audit Comme nts	Comme nts on verificat ion	Bud get	Unit of meas ure	Pre-Determi ned Evidenc e	Ref
Municipal Financial Viability and Manage ment	Financial Accounting	Number of GRAP compliant Annual Financial Statements compiled and submitted to AG	0	1	1	1				Achieved	Nil	Numb er	Acknowled gement letter from AG	7.6.1
		Number of Action plan to address AG findings compiled and submitted	0	1	1	0	0	0		Not Achieved	Nil	Numb er	Action plan	7.6.2

8 Directorate: Corporate Services

Strategic plans, office of Director Corporate Services

8.4 Unit/ department: Legal admin, Record management and Property Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance
Municipal strategic Priority	To facilitate the optimal functioning of Council

Key Performance Area	Programmes	Key Performance Indicator	Baseline 2020/21	Prior Year 2021/22	Annual Target 2022/23	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Comment on verification	Internal Audit comment	Budget	Unit of measure	Pre-Determined Evidence	Ref
Good Governance and Public Participation	Council support and Legal	Number of council meetings held	4	4	4	1					Nil	number	Notice of meeting, Minutes and Attendance Register	8.1.1
		Percentage of Council resolutions distributed to directorates within 5 working days after each Council meeting.	100%	100%	100%	0%				Not Achieved	Nil	Percentage	Progress report on the implementation of council resolution	8.1.2

		Number of Litigation Register updated and submitted to Council	0	4	4	1				Not Achieved		Number	Litigation Register and Council resolution	8.1.3
		Percentage of existing municipal contracts audited, and a report submitted to the accounting officer	0%	100%	100%	0%				Not Achieved	Nil	Percent age	Audit Report on Existing Municipal Contracts	8.1.4
		Number of reports prepared on legal matters (Including litigations by the municipality, and against the municipality).	0	4	4	1				Not Achieved	Nil	Number	Reports on Litigations and Contingen cies	8.1.5
		Number of Workshops/tr ainings conducted on Record management	1	4	4	0				Not Achieved	nil	number	Notices, training material, attendanc e registers and reports	8.1.6

		Number of reports prepared on record management submitted to the Accounting Officer.	0	4	4	1				Not Achieved	nil	number	Reports on record management submitted to the accounting officer	8.1.7
		Number of Facilities Management reports submitted to AC.	0	4	4	0				Not Achieved	nil	number	Report and prove of submission	8.1.8

8.2 Unit/ department: Human Resource Management

National Outcome	A skilled and capable workforce to support inclusive growth
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance
Municipal strategic Priority	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring andretaining top talent.

Key Performance Area	**Programmes**	**Key performance Indicator**	**Base line 2021/ 22**	**Prior year Target 2022/ 23**	**Annual Target 202/ 24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Comment on verification**	**Internal Audit comment**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Municipal Transformation and Institutional Development	Capacity building	Number of Employment Equity reports submitted to Department of Labour by 15 January each year.	1	1	1	0			Not Achieved		Nil	Number	Report, proof of submission.	8.2.1
		Number of Work Skills Development Plan, Annual training report (ATR) compiled and submitted to LGSETA on the 30th April	0	1	1	0			Not Achieved		Nil	Number	Report, proof of submission	8.2.2
		Number of trainings /	0	1	1	0			Not Achieved		Nil	Numb	Invitation, Attendance	8.2.3

workshops conducted on HR policies											registers	
Number of HR Strategy/ HR Plan developed and submitted to Council	1	1	1	0			Not Achieved		nil	number	Council Resolution	8.2.4
Number of vacant critical positions filled, i.e Legal Manager	0	0	1	0			Not Achieved		nil	number	Council Resolution	
Number of systems delegations incorporated to sub-delegates to the lower level staff	0	0	1	0			Not Achieved		nil	number	Delegation of powers and council resolution	
Number Employee Wellness Programmes conducted	0	4	4	4			Achieved		Nil	Number	Notices, attendance registers, workshop materials and report	8.2.5
Number of Awareness Campaigns conducted on occupational health and safety.	0	4	4	3			Not Achieved		Nil	Number	Notices, attendance registers, workshop materials and report	8.2.6
Number of Employees undergoing medical tests	4	4	4	4			Achieved		nil	number	Sum of employees undergoing medical test	8.2.7
Number of Health and Safety inspections conducted, and reports submitted	4	4	4	3				Not Achieved	nil	number	Health and Safety Inspection Reports submitted	8.2.8

		to the Accounting Officer.											to accounting officer	
		Number of Health and Safety Committee meetings held.	4	4	4	4				Achieved	nil	number	Notices, attendance registers and approved minutes	8.2.9
		Number of LLF meetings held	12	12	12	2				Not Achieved	nil	number	Notices, attendance registers and approved minutes	8.2.10
	% of	Percentage of Implementation of LLF resolutions taken (Including monitoring of SALGBC collective agreements)	100%	100%	100%	5%				Not Achieved	nil	percent age	Resolution register	8.2.11
		Number of reports prepared on disputes and grievances submitted to the Accounting Officer.	4	4	4	1				Not Achieved	Nil	Number	Number of reports prepared on disputes and grievances submitted to the Accounting Officer.	8.2.12
		Number reports prepared and submitted to the accounting officer, on disciplinary cases.	4	4	4	1				Not Achieved	Nil	Number	Reports on Disciplinary Cases submitted to the accounting officer	8.2.13

8.3 Security Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Promote a culture of participatory and good governance
Municipal strategic Priority	To facilitate the optimal functioning of Council

Key Performance Area	Programmes	Key Performance Indicator	Baseline 2020/21	Prior Year 2021/22	Ann ual Target 2022/23	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Comment on verification	Internal Audit comment	Budget	Unit of measure	Pre-Determined Evidence	Ref
	Facilities management	Number of Security Assessment conducted	1	1	1	0				Not Achieved	Nil	Number	Security Assessments Reports	8.3.1
		Number of Reports prepared on security management incidents submitted to Accounting Officer	1	1	1	0				Not Achieved	Nil	Number	Reports on Security Incidents signed off by the Director and submitted to the accounting officer	8.3.2

8.4 Unit/ department: Information and Communication Technologies (ICT)

National Outcome		A responsive and accountable, effective and efficient local government system
NDP Objective		Developing a capable and Development State
Provincial strategic Objective		Efficient Administration and Good Governance
Pre- Determined IDP Objective		Promote a culture of participatory and good governance
Municipal strategic Priority		To ensure a fully functional ICT.

Key Performance Area	**Programmes**	**Key Performance Indicator**	**Baseline 2021/22**	**Prior Year 2022/23**	**Annual Target 2023/24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Comment on verification**	**Internal Audit Comments**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Municipal Transformation and Institutional Development	ICT	Number of Municipal website Developed	0	1	1	0	Application for budget has been made	The project will start in the next financial year.	Not Achieved		Nil	Number	Functional municipal website	8.4.1

		Number of Website Management reports submitted to the AC	0	12	12	6			Not Achieved		Nill	number	Prove of submission	8.4.2
		Number of Systems Performance Reports submitted to the Accounting Officer and Chief Financial Officer	0	1	1	0	The unit requires help desk software to be purchased	Software will be purchased in the next financial year.	Not Achieved		nil	Number	Signed off Systems Performance Reports	8.4.3
		Percentage of Information Communication Technologies complaints, attended with 24 hours	0%	100%	100%	0%	Application has been made to treasury for procurement	Monitoring will be done in the next financial year.	Nt Achieved		nill	percentage	Complaints register, job cards	8.4.4
		% of Licensed Software in place	0%	0%	100%	0%	Application has been made to treasury for procurement	Monitoring will be done in the next financial year.	Not Achieved			percentage	Advert, appointment letter	

		% of IT Network infrastructure	0%	0%	100%	0%	Application has been made to treasury for procurement	Monitoring will be done in the next financial year.	Not Achieved			percentage	Advert, Appointment letter, monthly reporting	
		% of WAN and LAN installation	0%	0%	100%	0%	Application has been made to treasury for procurement	Monitoring will be done in the next financial year.	Not Achieved			percentage	Advert, appointment letter, monthly reporting	
		% of Business continuity and disaster recovery system	0%	0%	100%	0%	Application has been made to treasury for procurement	Monitoring will be done in the next financial year.	Not Achieved			percentage	Advert, appointment letter, monthly reports	
		% of Firewall installation	0%	0%	100%	0%	Application has been made to treasury for procurement	Monitoring will be done in the next financial year.	Not Achieved			percentage	Advert, appointment letter, monthly reports	

9 Directorate: Community Services

Strategic plans, office of Director Community services

9.1 Unit/ department: Environmental Management

National Outcome			Sustainable human settlements and improved quality of household life											
NDP Objective			Environmental Sustainability and Resilience											
Provincial strategic Objective			Sustainable Rural Development											
Pre- Determined IDP Objective			Broaden access and improve quality of municipal services											
Municipal strategic Priority			Broaden access and improve quality of municipal services											
Key Performance Area	**Programmes**	**Key performance Indicator**	**Baseline 2021/22**	**Prior year 2022/23**	**Annual Target 2023/24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Internal Audit Comments**	**Comment on verification**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Basic Service Delivery	Environment Management	Percentage of households with access to basic refuse removal service.	86%	86%	86%	40%	Shortage of staff and working equipment's i.e. Tractors	HR Department to recruit staff and Fleet sector to repair Tractors		Not Achieved	Nil	Percentage	Routine plan and Acknow - ledgement Forms	9.1.1
		Percentage of Business, Public entities and industries with	86%	86%	86%	50%				Not Achieved	Nil	Percentage	Routine plan and Acknow - ledgement Forms	9.1.2

		Number of Environmental forum meetings held	0	4	4	3				Achieved	nil	number	Invitation, Minutes, Attendance Register and Reports	9.1.3
		Number of landfill sites management reports submitted to the AC	0	4	4	3				Achieved	Nil	Number	Report and proof of submission	9.1.4

9.2 Unit/ department: Social Development and Disaster Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	Build united non-racial, integrated and safer communities.
Municipal strategic Priority	To optimize community participation in social development initiatives

Key Performance Area	Programmes	Key performance Indicator	Baseline 2021/ 22	Prior year 2022 /23	Annual Target 2023 /24	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit Comment	Comment on verification	Budget	Unit of measure	Pre-Determined Evidence	Ref
Basic Service Delivery	Sport arts and culture;	Number of sports, art and culture forum meetings held.	4	4	4	0	0	0		Not Achieved	Nil	Number	Invitation, Minutes, Attendance Register	9.2.1
		Number of sport arts and Culture programmes held.	0	3	3	0	Financial constraints	0		Not Achieved	Nil	Number	Invitation, Attendance Register and signed off Report (Director	9.2.2

		Number of Women, children and people with disability development policy developed, approved by Council.	0	1	1	0				Not achieved	nil	number	Women, Children and peoples with disability policy and council resolution	9.2.3
		Number of awareness campaigns on children rights.	0	2	2	0				Not achieved	nil	number	Invitation, Attendance Register and Report	9.2.4
		Number of Awareness campaigns on Disability	0	2	2	0				Not achieved	nil	number	Invitation, Attendance Register and Report	9.2.5
		Number of Disaster management public awareness	0	2	2	0				Not achieved	nil	number	Invitation, Attendance Register and report	9.2.6

		Number of developed disaster response and recovery plan.	0	0	2	0	0	0		Not achieved	nil	number	Disaster response and recovery plan Report signed off by Director.	9.2.7

9.3 Unit/ department: Local Economic Development (LED, Agriculture and Tourism)

National Outcome	Decent employment through inclusive economic growth													
NDP Objective	Economy and Development													
Provincial strategic Objective	Inclusive Economic growth and sustainable job creation;													
Pre- Determined IDP Objective	Create an environment that promotes the development of the local economy and facilitate job creation.													
Municipal strategic Priority	Create an environment that promotes the development of the local economy and facilitate job creation.													
Key Performance Area	**Programmes**	**Key performance Indicator**	**Base line 2021 /22**	**Prior Year 2022/ 23**	**Annual Target 2023/ 24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Internal Audit Comment**	**Comment on verification**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Local Economic Development Agricultural Development	Business Develop ment; SMME's Develop ment; Tourism;and agriculture Develop ment	Number of SMALL MIDIUM MICRO ENTERPRISES forum meetings held	0	1	1	1				Not Achieved	Nil	Numb	Invitations Agenda Munities Attendance register	9.3.1
		Number of business forum meetings held	0	4	4	0				Not Achieve	Nil	Numb er	Invitations Agenda Munities Attendance register	9.3.2
		Number of Local Economic Development programmes and workshops conducted	4	4	4	3				Not Achieved	Nil	Number	Invitations Agenda Munities Attendance register	9.3.3
		Number of Commonage management forum meetings held	0	4	4	1				Not Achieved	Nil	number	Invitations Agenda Munities Attendance register	9.3.4
		Number of	0	4	4	1				Not	nil	number	Invitations	9.3.5

		Tourism forum meetings held								achieved			Agenda Munities Attendance register	

9.4Unit/ department: Urban Planning

National Outcome	Sustainable human settlements and improved quality of household life
NDP Objective	Transforming Human Settlements
Provincial strategic Objective	Sustainable Rural Development
Pre- Determined IDP Objective	Build united non-racial, integrated and safer communities.
Municipal strategic Priority	Building/Developing integrated human settlements

Key Perform ance Area	Progra mmes	Key perform ance Indicato r	Base line 2021/ 22	Prio r year 2022 /223	Ann ual Target 2023 /24	Actual Perform ance	Reasons for non- perform ance	Corrective measure to be taken	Intern al Audit Com ment	Comm ent on verific ation	Budget	Unit of measu re	Pre-Determi ned Evidence	Ref
Municipal Transfor mation and Institution al Develop ment	Urban Planning	Percentage of Land Development / Use Applications received and addressed in accordance to SPLUMA.	100%	100%	100%	50%	All applications were processed; however, due to the non-functional MPT seating, the municipality could not make decisions on Category 1 applications.	Appointmen t and gazetting of the MPT member by the municipal council		Not Achieved	R1 300 000 (The project is not budgeted for)	number	LDA Register and Reports	9.4.1
		Number of Spatial Development Framework reviewed and submitted to council	0	1	1	0	The project commenced in September due to lack of finance from the municipality. The project is due to be completed after 12 months which means the project will	Appointment and gazetting of the MPT member by the municipal council The project is set to continue into the next financial year to ensure		Not Achieved	nill	number	SDF Document and council resolution	9.4.2

							proceed until the next financial year	completion within a 12-month period. Additionally, the Director is tasked with expediting the acquisition of council resolutions for noting the draft SDF and facilitating Public Participation.						

		Percentage of the properties contraveni ng the Land Use Scheme of Mafube LUS.	100%	100%	100%	50% 100% 100% 100%	Unable to issue response letters to the contravenes due to the absence of the MMs signature	Request MMs signature within 7 days of drafting response letters		Not Achieved	Nil	Percenta ge	Letter	9.4.3
		Percentage of submitted building plans assessed within 60 days of receipt	20%	80%	80%	80% 45% 80% 80%				Not Achieved	Nil	Number	Register and report	9.4.4
		Percentage of building contraveni ng the NBRBS	50%	100%	100%	5% 100% 0% 0%	Due to staff shortages, the Building Inspector was assigned to assess the RDPs, which prevented him from driving around the municipality to assess building compliance. Additionally, insufficient fuel due to internal circumstance	Appointme nt of an additional Building Inspector is necessary to alleviate the workload currently faced by the existing building inspector, as outlined in the organizatio nal structure		Not Achieved	Nil	Percenta ge	Letter	9.4.5

							s from May to June further							
		Percentage of the building by laws developed and submitted to council	100%	100%	100%	5%	The director's request for joint public participation for all departmental by-laws has hindered and delayed the process of public participation for the building by-law.	The director needs to ensure that the item for joint public participation is presented to the council to obtain their resolution for the commencement of public participation.		Not achieved		percentage	By law document and council resolution	

9.5 Unit/ department: Human settlement management/ Housing

National Outcome	
NDP Objective	Sustainable human Settlements and improved quality of household life
Provincial Strategic Objective	Transforming human settlements
Pre-determined IDP Objective	Sustainable rural development
Municipal Strategic Priority	Build united non-racial, integrated and safer communities

Key Performance Area	Programmes	Key performance Indicator	Base line 2021/ 22	Prior Year 2022/ 23	Annual Target 2023/ 24	Actual performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit comment	Comment on verification	Budget	Unit of measure	Pre-Determined Evidence	Ref
Basic Service Delivery	Human Settlement	Number of Informal Settlement report submitted to AC and council.	4	4	4	0				Not Achieved	Nil	Percentage	Report; proof of submission and council resolution	9.5.1
		Number of Register for residential sites requests, updated and submitted to AC and council.	4	4	4	0				Not Achieved	Nil	Number	Report; proof of submission and council resolution	9.5.2

10. Directorate: Infrastructure Services Strategic plans,

office of Director Infrastructure services

10.1 Unit/ department: Infrastructure Services

National Outcome			A responsive and accountable, effective and efficient local government system										
NDP Objective			Sustainable human settlements and improved quality of household life										
Provincial strategic Objective			Environmental Sustainability and Resilience										
Pre- Determined IDP Objective			Sustainable Rural Development										
Municipal strategic Priority			Broaden access and improve quality of municipal services										
Key Performance Area	**Programmes**	**Key Performance Indicator**	**Baseline 2021/22**	**Annual Target 2022/23**	**Annual Target 2023/24**	**Actual Performance**	**Reasons for non-performance**	**Corrective measure to be taken**	**Internal Audit comment**	**Comment on verification**	**Budget**	**Unit of measure**	**Pre-Determined Evidence**	**Ref**
Basic Service Delivery	Water provision	Percentage of households with access to basic level of water services within a formalized settlement.	86%	86%	86%	0%	Non-availability of as built drawing to connect the new sections	In continuous communication with Human Settlement to address this challenge		Not Achieved	Nil	Percentage	Acknowledgement Forms	10.1.1

		Percentage of Reported water leaks repaired within 48 hours.	75%	75%	75%	0%	Non-availability of as built drawing to connect the new sections	In the new section in Qalabotjha the households that do not have taps in the yard were installed		Not Achieved	Nil	Percentage	Complain register and Acknowledgement Forms	10.1.2
		Number of Awareness campaigns on water.	4	4	4	0	Celebration and awareness of World toilet day			Not Achieved	R650 000	Number	Invitation, attendanc register	10.1.3
		Number of blue drop status reports submitted to the accounting officer.	12	12	12	0				Not Achieved	Nil	Number	Water (Blue drop) quality reports	10.1.4

10.2 Unit/Directorate Sanitation Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Sustainable human settlements and improved quality of household life
Provincial strategic Objective	Environmental Sustainability and Resilience
Pre- Determined IDP Objective	Sustainable Rural Development
Municipal strategic Priority	Broaden access and improve quality of municipal services

Key Performance Area	Programmes	Key Performance Indicator	Baseline 2021/22	Ann ual Target 2022 /23	Ann ual Target 2023 /24	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit comment	Comment on verification	Budget	Unit of measure	Pre-Determined Evidence	Ref
Basic Service Delivery	Water provision	Percentage of households with access to basic level of water services within a formalized settlement.	76%	76%	76%	0%				Not Achieved	Nil	Percentage	10 Acknowledgement forms per ward	10.2.1
		Percentage Reported sewage blockages repaired within 48 hours.	60%	85%	85%	0%					Nil	Percentage	Complaints form signed by customer.	10.2.2

		Number of Awareness campaigns on sanitation conducted	4	4	4	0					Nil	Number	Attendance Registers, and Reports	10.2.3
		Number of Water quality green drop status reports submitted to the accounting officer	12	12	12	0					Nil	Number	Signed Reports, proof of submission to the accounting officer	10.2.4

10.3 Unit/ Department: Electricity Management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.
Municipal strategic Priority	To ensure the effective and efficient management of municipal Fleet.

Key Performance Area	Programmes	Key performance Indicator	Base line 2020/ 21	Prio r year 2021 /22	Ann ual Target 2022 /23	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit Comment	Comment on verification	Budget	Unit of measure	Pre-Determined Evidence	Ref
Basic Service Delivery	Sustainable electricity provision	Percentage of households with access to basic electricity service standard.	93%	97%	97%	0%	There is no project for Electricity connection			Not Achieved	Nil	percentage	10 Acknowledgement forms per ward	10.3.1
		Number of Rural Maintenance electricity status report, submitted to Council.	4	4	4	0	Rural Maintenance does not honour the municipality's request for reports		KPI achieved	Achieved	R60 000	Number	Reports and council resolutions	10.3.2

10.4 Fleet management

National Outcome	A responsive and accountable, effective and efficient local government system
NDP Objective	Developing a capable and Development State
Provincial strategic Objective	Efficient Administration and Good Governance
Pre- Determined IDP Objective	To improve overall financial Management by developing and implementing appropriate financialmanagement policies, procedures and systems.
Municipal strategic Priority	To ensure the effective and efficient management of municipal Fleet.

Key Perform ance Area	Progra mmes	Key performance Indicator	Base line 2020/ 21	Prio r year 2021 /22	Ann ual Targ et 2022 /23	Actual Perform ance	Reasons for non-perform ance	Corre ctive measu re to be taken	Intern al Audit Com ment	Comm ent on verific ation	Bud get	Unit of measu re	Pre-Determi ned Eviden ce	Ref
Basic Service Delivery	Safe and reliable roads and storm water infrastructure	Number of Reports submitted to the AC on management of Municipal roads	12	12	12					Not Achieved	Nil	number	Reports and proof of submission	10.4.1

10.5 Unit/ Department: Project Management

National Outcome	**A responsive and accountable, effective and efficient local government system**
NDP Objective	**Sustainable human settlements and improved quality of household life**
Provincial strategic Objective	**Environmental Sustainability and Resilience**
Pre- Determined IDP Objective	**Sustainable Rural Development**
Municipal strategic Priority	**Broaden access and improve quality of municipal services**

Key Performance Area	Programmes	Key PerformanceIndicator	Baseline 2021/22	Prior Year 2022/23	Annual Target 2023/24	Actual Performance	Reasons for non-performance	Corrective measure to be taken	Internal Audit comment	Comment on verification	Budget	Unit of measure	Pre-Determined Evidence	Ref
Basic Service Delivery	PMU	Number of MIG Projects implementation plan approved by the Accounting officer and submitted to Council.	12	12	12	2				Not Achieved		Number	Signed Project Implementation plan and Council resolution	10.5.1
		Number of Reports compiled on MIG Projects implementation plan, submitted to the accounting officer.	4	4	4	1				Achieved		Number	Reports and proof of submission to the AO.	10.5.2

		% Qalabotjha/Villiers construction of a 6.5ML concrete clean water reservoir and pipe (Phase 2)	100%	100%	100%	0%						percentage	Monthly Report	
		% Upgrading of Namahadi Zomba stadium (Phase 1)	100%	100%	100%	0%						percentage	Monthly Report	
		% Namahadi construction of 0.7km paved road and storm water at Mposula, Mashego and Thadi Street	100%	100%	100%	0%						percentage	Monthly Report	
		% Qalabotjha construction of of 0.993km paved road and storm water drain.	100%	100%	100%	0%						percentag	Monthly report	
		% Namahadi fencing of cemetery in Ward 6	100%	100%	100%	0%						percentage	monthy	

10.6 Unit/ department: Fleet Management

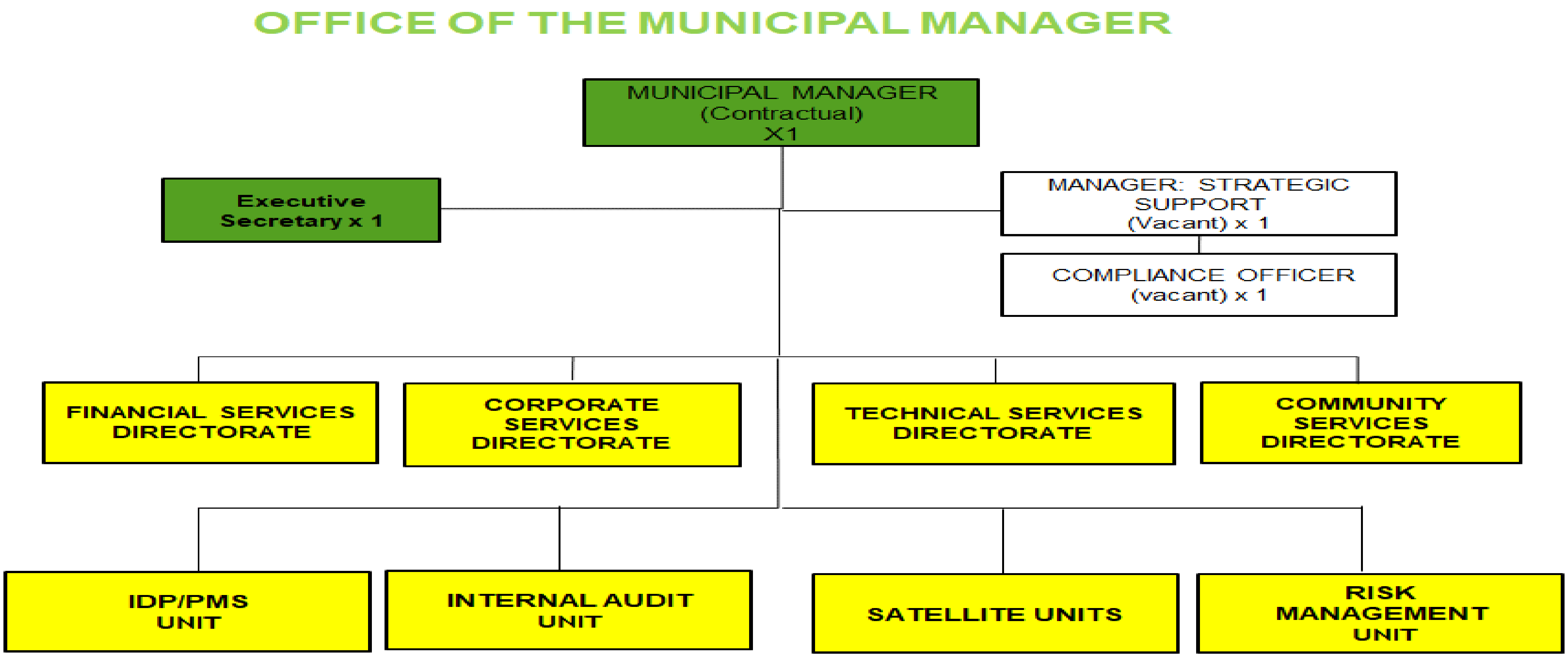
National Outcome			A responsive and accountable, effective and efficient local government system											
NDP Objective			Developing a capable and Development State											
Provincial strategic Objective			Efficient Administration and Good Governance											
Pre- Determined IDP Objective			To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.											
Municipal strategic Priority			To ensure the effective and efficient management of municipal Fleet.											
Key Perform ance Area	**Progra mmes**	**Key performance Indicator**	**Base line 2021/ 22**	**Prio r year 2022 /23**	**Ann ual Targ et 2023 /24**	**Actual Perform ance**	**Reasons for non- perform ance**	**Corre ctive measu re to be taken**	**Intern al Audit Com ment**	**Comment on verific ation**	**Bud get**	**Unit of measu re**	**Pre- Determined Eviden ce**	**Ref**
Municip al Financial Viability and Manage ment	Fleet manage ment	Number of Reports compiled and prepared on fleet management submitted to the Accounting Officer,	4	4	4	1				Achieved	Nil	Number	Reports and proof of submission to the AO.	10.6.1

4. Chapter 4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 Component A: Introduction to the Municipal Workforce

The Administration arm of Mafube Local Municipality is headed by the Municipal Manager, who has 4 Section 56 Directors who report directly to him.

Figure 8: Executive Management Structure



The **municipal manager** as head of the administration is responsible and accountable for tasks and functions as provided for in Section 55 of the MSA, other functions/tasks as provided for in legislation as well as functions delegated to him by the Mayor and Council. The Office of the Municipal Manager consists of:

- Internal Audit, Complianace and Risk Management
- Performance Management and IDP

Departmental Functions

The functions of each of the departments can be summarised as follows:

Directorate: Financial Services

The core function of this Directorate is to ensure sound and viable financial management. This directorate consists of the Chief Financial Officer as head of the directorate who is responsible for the following divisions:

- Budget and Expenditure Management
- Revenue Management
- Assets Management and
- Supply Chain Management.

Directorate: Community Services, LED and Planning

The, core functions of this Directorate is to promote economic development initiatives, SMME, sustainable job creation, poverty reduction and shared growth that integrates and connects the Municipality, its citizens and its natural resources. The Directorate is also responsible for housing, town planning and building control. The directorate comprises of thefollowing units:

- Solid Waste Management which includes cleansing, refuse removal, street sweeping
- Maintenance of parks, sports fields, recreational areas and maintenance of Public OpenAreas
- Disaster Management;
- Recreation, Sports, Arts and Culture
- Local Economic Development
- Housing Administion and properties
- Spatial Planning;
- Town Planning and Building Control

Directorate: Corporate Services

The Directorate is responsible for cultivating a culture of good governance and administration and prepare sound systems and structures in the achievement of Municipal Strategic Objectives. The core function of the Directorate is therefore to ensure that administrative processes take place in an environment which promotes productivity. The directorate comprises of the following divisions:

- Administration services
- Human Resources
- Legal Services

- Records Management.
- Facilities & Municipal By-Law Enforcement

Directorate: Technical Services

The core function of Directorate is to provide bulk infrastructure services. Thedirectorate comprises of the following units:

- Civic buildings
- Public works, which includes main roads, storm water and streets
- Sewerage purification, reticulation and sanitation services
- Water purification and reticulation works
- Household electrification
- Management of the Workshop and Depot
- Fleet Management services

Mafube Local Municipality has a Human Resource Strategy/Plan in place that was approved by Council. The HR Strategy/Plan will be reviewed together with the related policies, to be aligned with the 2022/2027 IDP. It is of importance to implement, the Strategy/Plan and its policies, to have an effective Human resource management.

Figure 9: HR role in strategic decisions

4.2. Component B: Managing the Municipal WorkforceStaff Establishment

TABLE 44: STAFF ESTABLISHMENT 2023-2024

Directorate	Filled Positions	Vacant Posts	Total
Municipal Council	17	0	17
Mayoral Office	5	2	7
Speakers' Office	9	2	11
Total	**31**	**4**	**35**
Municipal Managers' Office	0	3	3
Service Delivery Units	6	0	6
Internal Audit & Risk	3	1	4
IDP & PMS	2	1	3
Total	**11**	**5**	**16**
Corporate Support Services	0	2	2
Administration & SupportServices	8	3	11
Facilities & By Law Enforcement	24	6	30
Legal Services	1	3	4
Human Resources Management	6	1	7
ICT Management	2	1	3
Communication Management	0	1	1
Total	**41**	**17**	**58**
Financial Services	0	2	2
Interns	3	2	5
Supply Chain Management	5	1	6
Expenditure & Payroll Services	4	0	4
Assets Management Services	2	2	4
Budget & Reporting Services	2	1	3
Revenue ManagementServices	15	4	19
Credit Control	3	1	4
Cash Management	4	2	6
Total	**38**	**15**	**53**
Planning & Infrastructure Services	0	2	2
Project ManagementServices	3	1	4
Electrical Services	4	1	5
Fleet & Mechanical Services	8	5	13
Water & Sanitation Services	84	53	137
Roads & Storm Water Management	39	16	55
Total	**138**	**78**	**216**
Community Services & LED	0	2	2
Environmental Services	86	7	93

Urban Planning	2	2	4
Human Settlement & Social Services	13	2	15
Local Economic Development Services	6	1	7
Total Number	**107**	**18**	**125**
GRAND TOTALS	**366**	**137**	**503**

TABLE 45: Structures and systems

STRUCTURES AND SYSTEMS	AVAILABILITY	STATUS
Information technology (IT)	Available	Draft IT policies and strategy
IT steering committee	Available at district level	Functional
Availability of skilled staff	Available	Skills audit conducted over 5 years,however employees submit their development plans annually
Organisational structure	Available	Implemented needs review
Vacancy rate	Available	The statistics vary from time to time as the recruitment and placement process is ongoing.
Workplace Skills Plan	Available	Implemented
Human Resources Strategy/ Plan	Available	Implemented
Individual performance management plan	Not Available	
Organisational performance	Available	Not fully functional/ Implemented
management plan		
Monitoring, evaluating and reporting processes and systems	Available	Not fully functional/ implemented
Municipal Employment Equity Plan	Not available	
Disaster Management Plan	Not available	
Disaster Management Contingency Plan	Not available	
Disaster Management Operational Plan	Not available	
Fire Management Plan	Available at district level	Functional and implemented
Early Warning Systems	Not available	
Disaster Risk Reduction Plan	Not available	
Climate Change Response Plan	Not available	
Municipal Wide Risk Profile(Risk Registers)	Available	Functional
Risk and Vulnerability Atlas	Not available	

The implementation of the Integrated Development Plan through the Services Delivery and Budget Implementation Plan needs to be supported by a well constituted human capital. To ensure that this is properly done and well regulated the Minister of Cooperative Governance and Traditional Affairs promulgated the Municipal Staff Regulations in line with the Local Government: Municipal Systems Act, Act No 32 of 2000. Section 5(1) (a) and (b) of the Regulations.

4.3. COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Skills Development Management

In accordance with the Skills Development Act, all registered employers with an annual payroll exceeding R500 000 are required to pay skills development levies and subsequently submit a Workplace Skills Plan (WSP) and an Annual Training Report (ATR).

These submissions are made annually to the relevant Sector Education and Training Authorities (SETA) before the deadline of 30 April each year. Skills audit are conducted in compilation of WSP annually and Annual Training Report (ATR) is one of the biggest priorities that outlines the existing skills shortage in a company and describes the steps a company will take to address the shortage through various training initiatives. The Annual Training Report (ATR) documents the progress made in implementing the previous year’s WSP in alligmnet with the Integrated Development Plan (IDP).

Training and Development within the workplace is under-pinned by three key pieces of Legislation: The Skills Development Act, 1998 (amended in 2008); the Skills Development Levies Act, 1999; and, the Employment Equity Act, 1998.

4.4. COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

34. Employee related cost
Senior Management Costs

Annual Remuneration	1 660 268	2 769 619
Car Allowance	121 563	336 532
Contributions to UIF, Medical and Pension Funds	6 522	19 272
	1 788 353	**3 125 423**

Municipal staff costs

Acting allowances	2 151 967	1 703 696
Basic salaries and wages	65 679 433	64 434 931
Bonus	5 655 276	5 548 954
Car allowance	8 322 934	7 601 524
Cellphone Allowance	90 400	98 400
Defined contribution plans	10 555 867	11 114 983
Employee benefit obligation	(1 232 470)	(522 095)
Housing allowances	586 474	612 910
Leave pay provision charge	4 165 846	5 182 745
Medical aid - company contributions	4 412 874	3 908 933
Other payroll levies	72 952	74 453
Overtime payments	4 091 705	3 968 581
Skills development levy	883 543	831 463
Standby Allowance	1 554 732	1 490 482
UIF contributions	660 036	648 964
Total for municipal staff	**107 651 569**	**106 698 924**
Total Employee related cost	**109 439 922**	**109 824 347**

5. CHAPTER 5: FINANCIAL PERFORMANCE

5.1. COMPONENT A: Statement of financial performance

Mafube Local Municipality
(Demarcation code: FS205)
Audited Annual Financial Statements for the year ended 30 June 2024

AUDITED

Statement of Financial Performance for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Revenue			
Revenue from exchange transactions			
Interest income	20	72 300 645	55 040 541
Operational revenue	22	6 365 311	8 646 957
Prescribed revenue	23	-	812 400
Rental of facilities and equipment	24	868 252	615 152
Service charges	25	88 092 888	79 965 543
Total revenue from exchange transactions		**167 627 096**	**145 080 593**
Revenue from non-exchange transactions			
Taxation revenue			
Interest - Taxation revenue	21	9 840 338	6 900 483
Property rates	26	30 574 653	25 358 136
Transfer revenue			
Fines, Penalties and Forfeits	27	1 850	142 500
Government grants and subsidies	28	146 450 022	163 110 356
Public contributions and donations	29	3 277 581	12 785 526
Department of Water and Sanitation billing adjustment	31	82 154 265	-
Total revenue from non-exchange transactions		**272 298 709**	**208 297 001**
Total revenue		**439 925 805**	**353 377 594**
Expenditure			
Bulk purchases	30	(37 693 344)	(29 421 849)
Debt impairment	32	(187 535 111)	(658 142 048)
Depreciation and amortisation	33	(62 757 408)	(67 903 211)
Employee related costs	34	(109 439 922)	(109 824 347)
Finance costs	35	(86 939 886)	(67 388 549)
General expenses	36	(64 360 838)	(71 591 491)
Remuneration of councillors	37	(6 678 265)	(6 349 850)
Total expenditure		**(555 404 774)**	**(1 010 621 345)**
Operating deficit		**(115 478 969)**	**(657 243 751)**
Loss on disposal of assets and liabilities	14	(6 256 661)	(454 434)
Actuarial gains	16	(236 545)	1 925 320
Fair value adjustments	39	(1 553 391)	864 522
Reversal of impairments/(Impairment loss)	38	(25 625 990)	(7 375 245)
Inventories losses/write-downs		(52 381)	248 011
Deficit for the year		**(149 203 937)**	**(662 035 577)**

5.2. COMPONENT B: Spending against capital budget

FS205 Mafube - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Capital Expenditure - Functional Classification										
Governance and administration		825	5 019	5 308	–	2 043	5 308	(3 265)	-62%	5 308
Executive and council								–		
Finance and administration		825	5 019	5 308	–	2 043	5 308	(3 265)	-62%	5 308
Internal audit								–		
Community and public safety		–	184	–	–	–	–	–		–
Community and social services		–	184	–	–	–	–	–		–
Sport and recreation								–		
Public safety								–		
Housing								–		
Health								–		
Economic and environmental services		4 330	10 948	400	–	22	400	(378)	-94%	400
Planning and development								–		
Road transport		4 087	6 882	300	–	–	300	(300)	-100%	300
Environmental protection		243	4 066	100	–	22	100	(78)	-78%	100
Trading services		9 876	95 566	79 279	–	10 450	79 279	(68 829)	-87%	79 279
Energy sources		368	24 736	24 236	–	2 406	24 236	(21 830)	-90%	24 236
Water management		9 508	70 830	55 043	–	8 045	55 043	(46 998)	-85%	55 043
Waste water management		–	–	–	–	–	–	–		–
Waste management								–		
Other								–		
Total Capital Expenditure - Functional	3	15 032	111 716	84 987	–	12 516	84 987	(72 471)	-85%	84 987
Funded by:										
National Government		11 356	103 636	77 879	–	10 450	77 879	(67 429)	-87%	77 879
Provincial Government		2 850	–	–	–	–	–	–		–
Transfers recognised - capital		14 206	103 636	77 879	–	10 450	77 879	(67 429)	-87%	77 879
Borrowing	6							–		
Internally generated funds		825	8 080	7 108	–	2 066	7 108	(5 043)	-71%	7 108
Total Capital Funding		15 032	111 716	84 987	–	12 516	84 987	(72 471)	-85%	84 987

5.3. COMPONENT C: Cash flow management and investment

Cash Flow Statement

Mafube Local Municipality
(Demarcation code: FS205)
Audited Annual Financial Statements for the year ended 30 June 2024

AUDITED

Cash Flow Statement for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Cash flows from operating activities			
Receipts			
Taxation		40 863 428	51 557 153
Sale of goods and services		254 240 128	655 899 017
Grants		135 837 000	164 163 000
Interest income		698 416	558 374
		431 638 972	872 177 544
Payments			
Employee costs		(86 575 704)	(106 655 113)
Suppliers		(351 266 204)	(758 185 452)
		(437 841 908)	(864 840 565)
Net cash flows from operating activities	41	**(6 202 936)**	**7 336 979**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(1 201 844)	(1 324 566)
Proceeds from sale of property, plant and equipment	14	739 400	-
Proceeds from sale of financial assets		(41 062)	(23 421)
Net cash flows from investing activities		**(503 506)**	**(1 347 987)**
Net increase/(decrease) in cash and cash equivalents		**(6 706 442)**	**5 988 992**
Cash and cash equivalents at the beginning of the year		7 993 750	2 004 758
Cash and cash equivalents at the end of the year	4	**1 287 308**	**7 993 750**

Investment

Mafube Local Municipality
(Demarcation code: FS205)
Audited Annual Financial Statements for the year ended 30 June 2024

AUDITED

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	307 881	474 647
Short-term deposits	979 432	7 519 103
	1 287 313	**7 993 750**
The total amount of undrawn facilities available for future operating activities and commitments	1 287 313	7 993 750
	1 287 313	**7 993 750**

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2024	30 June 2023	30 June 2022	Cash book balances 30 June 2024	30 June 2023	30 June 2022
Current accounts						
ABSA Bank - Cheque Account - 4052823517	183 526	351 641	25 797	308 609	474 293	148 350
First National Bank - ChequeAccount - 62817361679	(728)	355	(222)	(728)	355	(222)
Short-term Investments						
ABSA Bank - Call Account - 9090111270	1 026	2 251	972 770	1 026	2 251	972 770
ABSA - Call Account - 9229618782	1 140	1 993 483	11 210	1 140	1 993 483	11 210
ABSA Bank - Call Account - 9232387538	1 028	2 771	611	1 028	2 771	611
First National Bank - CallAccount - 62817394901	880 543	879 974	871 667	880 543	879 974	871 667
First National Bank - CallAccount - 62850214778	17 749	4 640 625	372	17 749	4 640 625	372
Standard Bank - 08 882 956 1 - 003	3 443	-	-	3 443	-	-
Standard Bank - 08 882 956 1 - 001	74 504	-	-	74 504	-	-
Total	**1 162 230**	**7 871 100**	**1 882 205**	**1 287 313**	**7 993 751**	**2 004 758**

5.4. COMPONENT D: Other financial matters

17. Payables from exchange transactions

AGSA	13 914 453	11 878 481
Accrued bonus	2 720 063	2 697 493
Accrued leave pay	12 369 963	9 331 807
Bulk electricty	125 245 351	124 038 538
Bulk water	521 543 050	516 249 163
Insurance contributions not yet paid over	3 593 039	1 954 317
Medical aid contributions not yet paid over	2 864 568	3 000 346
PAYE contributions not yet paid over	4 149 663	(10 110)
Payments received in advanced - contract in process	10 796 617	5 670 235
Pensions contributions not yet paid over	239 703 912	213 705 897
Retentions	8 407 207	7 061 720
SDL contributions not yet paid over	289 264	70 658
Salaries accrued for(only paid after year end)	6 157 612	10 838 982
Trade payables	204 438 403	185 682 856
UIF contributions not yet paid over	468 235	109 340
Unallocated receipts and deposits	72 402	42 879
Unions & maintenance contributions not yet paid over	3 601 221	3 443 860
	1 160 335 023	**1 095 766 462**

VKB

At amortised cost		
VKB Agriculture Limited - Member Funds	222 213	258 351
The member funds arises from awards earned by members based on purchases. Awards do not earn interest or dividends and have a 15 year maturity life and are then transferred to the security member loan.		
VKB Agriculture Limited - Membership	84 335	84 335
The membership deposit was paid to open a trading account and become a member. The receivable do not earn interest nor dividends and is repayable when membership is cancelled.		
VKB Agriculture Limited - Security member loan	133 863	82 199
When the member fund awards mature after 15 years it is transferred to the member loan account. The loan serves as security against the trading account. The loan is payable on demand after settling any outstanding balance on the trading account.		
VKB Agriculture Limited - Short term member loan	160 260	134 724
The member loan bears interest and is available on demand.		
	600 671	**559 609**
Non-current assets		
At amortised cost	222 213	258 351
Current assets		
At amortised cost	378 458	301 258
	378 458	**301 258**

6. CHAPTER 6: Auditor – General Audit Findings

INTRODUCTION

1. The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 30 June 2024, as well as the insights and significant matters that require the attention of the municipal management. The report should be read with the engagement letter, which sets out our responsibilities as well as the standards and processes we apply in performing our audits.

2. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report has been signed.

3. We communicated our audit findings and recommendations for improvement to management and obtained their responses throughout the audit. This report is a comprehensive summary of what we shared with management. In **annexure D**, we provide a summary of detailed findings communicated to management.

4. The management report is structured as follows:

    - In **section 1** we share the overall audit outcomes and the status of material irregularities. We also summarise the material irregularities in **annexure F**.

    - In **section 2** we provide the most significant matters from the audit and their impact, which we detail further in the annexures. Where appropriate, we also include the following:

        - Significant deficiencies in internal control that caused the findings we report. Significant deficiencies occur when internal controls do not exist; are not appropriately designed or implemented; or are not operating as intended to prevent – or to promptly detect and correct – material misstatements, non-compliance or non-performance. In **annexure C** we expand on the state of internal control.

        - Key recommendations and the responses received from management on implementing the recommendations.

    - In **section 3** we include observations on the overall internal control environment and the role of the accountability ecosystem. Key recommendations and responses from management are also included.

    - In **section 4** we provide our view of the root causes of deficiencies in the overall internal control environment and provide recommendations for the [party responsible] to address the root causes.

    - We end the report with a **conclusion**.

5. We trust the insights and recommendations in this report will be of value in your pursuit towards building and leading a municipality that is accountable and transparent, has institutional integrity, and performs at a level that has a positive impact on the lives of South Africans.

SECTION 1: AUDIT OUTCOMES AND MATERIAL IRREGULARITIES

OVERALL AUDIT OUTCOMES

6. The overall audit outcome of the [type of auditee] is [unqualified without findings (a clean audit) / unqualified with findings / qualified with findings / adverse with findings / disclaimed with findings]. This is [an improvement from / a regression from / the same as] the previous year's audit outcome.

Audit results per outcome area

Outcome area	Movement	2023-24	2022-23	2021-22
Financial statements				
Annual performance report				
• KPA 1 – Basic Service Delivery and Infrastructure Development				
Compliance with legislation				
• AFS, APR, Annual report				
• Strategic planning & performance				
• Revenue management				
• Expenditure management				
• Consequence management				
• Conditional grants				
• Assets management				
• HR Management				
• Procurement and contract management				

	Unqualified / No material findings		Qualified		Adverse		Disclaimed		Material findings		Not audited

	Improvement		Regression		Unchanged

7. The audit outcomes have not improved as misstatements on service charges, receivables from exchange transactions, cash flow from operating activities, depreciation and impairment losses, were identified and reported in the current year as in the prior year. In addition, depreciation was materially misstated in the current year.

8. We provide further insight into the audit outcomes, the root causes of weaknesses and our recommendations in the rest of this report.

9.**Annexure E** lists matters that will affect future financial statements, annual performance reports and compliance with legislation.

MATERIAL IRREGULARITIES

10. Since the implementation of the material irregularity process, we have identified 4 material irregularities at the municipality.

Status of material irregularities

Year of notification	Total	Resolved	Appropriate actions	Following up actions taken	AGSA further actions	Notification response not yet due	Assessing response
2022	3	2	0	1	1	0	0
2024	1	1	0	0	0	0	0

11. Three of the previously issued material irregularities have been resolved since being issued

12. The auditor's report will detail all material irregularities for which notifications were recently issued. Annexure F lists the material irregularities that will be included in the auditor's report.

SECTION 2: SIGNIFICANT MATTERS

FINANCIAL STATEMENTS

Audit results

13. The financial statements were submitted to us for auditing on 25 March 2025. The late submission of the financial statements constitutes non-compliance with the Municipal Finance Management Act (MFMA). The non-compliance will be reported as a material finding in the auditor's report.

14. We identified material misstatements in the financial statements submitted for auditing. The material misstatements constitute non-compliance with the MFMA . The non-compliance will be reported as a material finding in the auditor's report.

Material misstatements not corrected

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Property, Plant and Equipment					
Generally Recognised Accounting Practice (GRAP) 21	Overstatement (CoAF 79) (COAF 57)	R-	Impairment and impairment reversals not calculated in line with GRAP 21 and reason misstatement was not corrected		
Receivables from exchange transactions					
Section 62 (1) (a) – (b) of the Municipal Finance Management Act	Limitation (CoAF 67)	R449 619 860	Existence of debtors could not be confirmed		
Revenue from exchange transactions					
Section 62 (1) (a) – (b) of the Municipal Finance Management Act	Limitation (COAF 38, COAF 51, COAF 55, COAF 62, COAF 63, COAF 67, COAF 77)	R 42 214 033	Water meter reading books were not submitted for audit purposes. This limitation has impacted service charges, interest charged on service charges, debt impairment and receivables from exchange transactions		
Cash Flows from operating activities					
Section 122 (1) (a) – of the Municipal Finance Management Act	Overstatement (CoAF 48)	R8 148 128	Non-cash items were included in the cash flows from operating activities		
Cash Flows from investing activities					

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
Section 122 (1) (a) – of the Municipal Finance Management Act	Overstatement (CoAF 48)	R19 224 998	Non-cash items were included in the cash flows from investing activities		
Depreciation					
Generally Recognised Accounting Practice (GRAP) 3	Overstatement (COAF 68)	R16 781 831	Change in accounting estimate was applied retrospectively		

	Uncorrected		Corrected		No prior-year misstatement

15. The material misstatements that were not corrected formed the basis for the modified opinion on the financial statements and will be reported in the auditor's report.

Material misstatements corrected

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				20xx-xx	20xx-xx
Property rates					
Generally Recognised Accounting Practice (GRAP) 1	Understatement (CoAF 28)	R38 000 000	Property values in the demarcation reduced without a supplementary valuation roll		
VAT receivables					
Generally Recognised Accounting Practice (GRAP) 1	Understatement (CoAF 66)	R96 846 621	VAT not disclosed as required by GRAP		

	Uncorrected		Corrected		No prior-year misstatement

16. Similar misstatements in relation to the above financial statements line items have been identified and inadequately corrected in prior years and management has not taken necessary steps to prevent them from re-occurring in the current financial year. Furthermore, due to a deterioration in internal controls, additional misstatements on similar to prior years and other line items have been identified.

17. **Impact:** The impact of the audit findings that remain uncorrected will be included in the management report, together with the comments submitted by management, and that the auditor is not obliged to provide any further opportunity to address the misstatement during the audit process.

18. Furthermore, the uncorrected misstatement identified above will lead to an unfavourable audit opinion for the municipality.

Internal control and recommendations

19. We identified significant internal control deficiencies in financial recordkeeping and the financial statement preparation and related business processes, which caused the misstatements or could cause misstatements in future.

Significant internal control deficiencies – financial records and financial statements

Internal control deficiency	Prior years reported	
	2022-23	2021-22
Management did not in all instances implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support the financial statements.	√	√
The action plan did not adequately address prior year material misstatements, and non-compliance	√	√
The financial statements contained numerous misstatements that were corrected, as well as some that could not be corrected. This was mainly due to inaccurate and incomplete information being provided.	√	√
Management did not implement controls over daily and monthly processing and reconciling of transactions as there was misclassification in recording of transactions.	√	√
There was no evidence that was provided to confirm that the municipality implemented the debt collection policy and took the necessary measures to recover the outstanding balances.	√	√
Material misstatements were identified on general ledger where the general ledger on the system did not agree to the annual financial statements	√	√

20. Significant internal control deficiencies have been identified and reported in the current year and the prior years in relation to the financial statement item concerned, and management has not taken appropriate steps to address the internal control deficiencies

21. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024.

Information to be included in auditor's report

22. We may communicate matters relating to the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the financial statements to know about.

23. We will include an 'emphasis of matter' paragraph in the auditor's report to draw the attention of users of the financial statements to the following matter[s] which we deem to be fundamental to their understanding of the financial statements:

Underspending of conditional grants

- As disclosed in note 18 to the financial statements, the municipality materially underspent the conditional grants by R9 898 270 (2023: R20 511 292) due to the municipality not properly monitoring the usage of grant funding.

Unauthorised expenditure

- As disclosed in note 51 to the financial statements, the municipality incurred unauthorised expenditure of R394 083 235 (2023: R882 057 037) due to overspending of the budget.

Irregular expenditure

- As disclosed in note 53 to the financial statements, the municipality incurred irregular expenditure of R26 390 846 (2023: R28 900 416) due to non-compliance with supply chain management (SCM) requirements.

Fruitless and wasteful expenditure

- As disclosed in note 52 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R81 251 824 (2023: R62 105 761) due to interest on the late payment of suppliers.

Material losses - water

- As disclosed in note 54 to the financial statements, material water distribution losses of R15 925 296 (2023: RR23 508 305) were incurred by the municipality mainly due to ageing infrastructure, meter reading losses and losses due to faulty meters never replaced.

Material uncertainty relating to claims against the municipality

- With reference to note 42 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Restatement of corresponding figures

As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2023 have been restated because of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

FINANCIAL MANAGEMENT AND PERFORMANCE

Going concern

24. Our audit included an evaluation of the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and whether any material uncertainties exist about the municipality's ability to continue as a going concern.

25. We agreed with the disclosures made in the financial statements on the material uncertainties and the events and conditions identified by management.

Going concern – events or conditions

Event or condition	Prior years reported	
	2022-23	2021-22
Material uncertainty exists regarding the ability of the municipality to continue as a going concern, as stated in note 48 - Below are the indicators on going concern: 1. Continuous attachment of the municipal bank account by pension funds and other creditors. 2. Unspent conditional grants being withheld from the Equitable Share allocation. 3. Several litigations due to non-payment of long outstanding creditors of which poses a threat of the municipality's assets becoming attached. 4. Suppliers are not paid within the legislative 30 days. 5. Employee benefit obligations are unfunded; refer note 6. High levels of distribution losses; refer note 7. Slow collection and low recoverability of outstanding consumer accounts; and 8. Unfavourable financial ratios. In addition, the municipality owed Eskom Holdings SOC R 49 012 371.31 (2023: R 48 586 073.03), Rural Free state R 76232 980.02 (2023: R 75 452 464.58) and Department water and sanitation R 521 543 050 (2023: R 516 249 163) as at 30 June 2024.	√	√

26. The municipality has not been collecting sufficient revenue, and this has put them under severe financial constraints. The municipality has been in the in this unfavourable financial position for the past 5 financial years

27. The Municipality is in the process of implementing the FRP.

28. **Impact:** Inability to provide essential services to the local community

29. We will include a 'material uncertainty related to going concern' paragraph in the auditor's report to draw the attention of users of the financial statements to the note included in the financial statements on the going concern material uncertainties.

Budget management

30. We tested compliance with the legislative requirements for budget management and performed tests to identify budget overspending or budgets not spent for their intended purpose. We identified findings to highlight in this area of financial management.

Budget spending

Nature	Description	Rand value		
		2023-24	2022-23	2021-22
Budget not spent for intended purpose	Conditional grants were used to fund operational activities of the municipality	R8 736 040	R12 517 541	R22 919 141

Findings on budget management

Finding	Prior years reported	
	2022-23	2021-22
The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2022).	√	
The Water Services Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2022). Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2022)	√	√
The Integrates National Electrification Programme was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2022).	√	√

31. **Impact:** Lead to municipality failure in addressing the need of the local community such as infrastructure for basic services.

32. The unauthorised expenditure incurred constitutes non-compliance with section 16(1) of the Division of Revenue Act (Act 5 of 2022). The non-compliance will be reported as a material finding in the auditor's report

Financial assessment and compliance

33. Our audit included a high-level assessment of the financial position and key financial ratios of the municipality based on its financial results to assess its going concern as detailed earlier, and also to highlight those issues that may require corrective action to maintain financial stability. The financial ratios used for assessment include those that the National Treasury also apply when assessing whether a municipality is in financial distress. The assessment is intended to complement, rather than substitute, the municipality's own financial assessment.

34. The detailed assessment is included in **annexure A**. We used the amounts and information in the financial statements to perform the assessment.

35. We concluded based on the assessment that the financial health of the municipality is concerning, which is the same as the previous year.

36. Next, we summarise the key matters identified through the assessment that require attention to improve the financial health.

Financial assessment – key matters

Revenue management
The impairment provision substantiates what was indicated in the debtor's collection period. The cause for this is inefficient collection process that result in overdue accounts. This will impact future cash flow for the municipality.
Asset and liability management
The municipality has realised a deficit for the 2023/24 financial year amounting of R149 203 937 because the total expenditure of the municipality exceeds the total revenue. This provides an indication that the municipality has not appropriately managed its operating activities. The municipality is operating at a deficit, and it may be unable to fund monthly operational expenditure and to continue rendering services. This may negatively affect the municipality financial viability and its ability to continue as a going concern. The municipality has total commitments, already contracted for but not provided for, R16 542 336 The unspent conditional grants and receipts R9 898 270 as of 30 June 2024 exceed cash and cash equivalents by R8 736 040 The municipality recognised a negative net cash flow from investing activities of R503 506

37. We identified non-compliance with legislation and other requirements applicable to the [type of auditee] on financial management. The findings on material non-compliance with legislation will be reported in the auditor's report.

Financial management – non-compliance

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
Annual Financial statements			
The annual financial statements were not submitted to the Auditor- General for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA	Yes	√	√
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.	Yes	√	√
The council failed to adopt an oversight report containing the council's comments on the 2022-23 annual report, as required by section 129(1) of the MFMA.	Yes	√	√
Revenue Management			
An adequate management, accounting and information system which accounts for revenue / debtors was not in place, as required by section [64(2)(e) of the MFMA.	Yes	√	√
An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.	Yes	√	√

I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA	Yes		√
I was unable to obtain sufficient appropriate audit evidence that accounts for municipal tax and charges for municipal services were prepared on monthly, as required by section [64(2)(c) of the MFMA.	Yes		√
Expenditure management			
Reasonable steps were not taken to prevent irregular expenditure in contravention of 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 qualification opinion paragraph.	Yes	√	√
Reasonable steps were not taken to prevent fruitless and wasteful expenditure in contravention of section 62(1) (d) of the MFMA. The	Yes	√	√

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
majority of the disclosed fruitless and wasteful expenditure was caused by interest charges due to the late payment of outstanding balances.			
Reasonable steps were not taken to prevent unauthorised expenditure in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charges due to the late payment of outstanding balances.	Yes	√	√
Money owed by the municipality was not always paid within 30 days, as required by section [65(2) (e) of the MFMA.	Yes	√	√
Consequence Management			
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.	Yes	√	√
Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.	Yes	√	√
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.	Yes	√	√
Utilisation of Grants			
The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.	Yes	√	
The Water Services Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.	Yes	√	√

Finding	Material non-compliance	Prior years reported 2022-23	Prior years reported 2021-22
The Integrated National Electrification Programme (Municipal) Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.	Yes	√	√
HR Management			
Financial interest/s was not disclosed by the municipal manager within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers	Yes		
Financial interest/s were not disclosed by the senior managers within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers	Yes		
The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.	Yes	√	
Asset Management			
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.	Yes	√	

38. Please refer to Annexure D for detailed audit finding in relation to compliance themes.

Losses

39. It is crucial for the municipality to implement the necessary disciplines to ensure that value is derived from money spent and that assets and resources are safeguarded. We identified findings to highlight in this area of financial management. The findings on material non-compliance with legislation will be reported in the auditor's report.

Disclosures on losses

Nature	Description	Rand value 2023-24	Rand value 2022-23	Rand value 2021-22
Fruitless and wasteful expenditure	Fruitless expenditure reported in the prior years had not been investigated to determine liability for possible recovery	R81 251 824	R62 105 761	R53 960 410
Distribution losses (as disclosed)	Water distribution losses due to theft (illegal connections), leaking or burst pipes, non- or incorrect metering and wastage as a result of deteriorating water infrastructure.	R15 925 926	R23 508 305	R18 178 162
Loss on disposal of assets and liabilities	De-recognition of PPE	R6 256 661	R454 434	R255 873

Impairment losses	Amounts written off as uncollectible from receivables	R3 402 600	R4 799 137	R653 131

Findings on losses

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
Section 32(2) of the MFMA was not followed as the municipality did not recover fruitless expenditure from the person liable for the expenditure	Yes	√	√
Section 62(1)(c)(i) of the MFMA and Section 122(1)(a) of the MFMA respectfully state that plans should be in place to ensure that effective efficient and transparent systems of financial and risk management and internal control. The Municipality should prepare financial statements which fairly present the state of affairs.	Yes	√	

40. Fruitless and wasteful expenditure disclosed in the financial statements is mainly due to inadequate controls over project management and monitoring by the municipality. Furthermore, the municipality continues to incur losses as a result of not taking reasonable steps to recover debts thus having to write- off amounts that could have been recovered if proper controls were in place and fully implemented.

41. **Impact:** This will result in possible financial loss which affects service delivery and could also constitute material irregularities. Lead to loss of revenue for the municipality, which will adversely affect municipality financial sustainability and its inability to deliver service delivery to the local community.

42. The fruitless and wasteful expenditure incurred constitutes non-compliance with the MFMA. The non-compliance will be reported as a material finding in the auditor's report. Furthermore, a material non-compliance has been reported in the current and prior periods as the municipality does not investigate fruitless and wasteful expenditure and thus not enabling the municipality to recover some of these moneys.

43. The fruitless and wasteful expenditure incurred was not fully disclosed in the financial statements and annual report as required.

44. Fruitless and wasteful expenditure disclosed in the financial statements is mainly due to inadequate controls over project management and monitoring by the municipality. Furthermore, the municipality continues to incur losses as a result of not taking reasonable steps to recover debts thus having to write- off amounts that could have been recovered if proper controls were in place and fully implemented

45. Due to the aging water infrastructure and inadequate controls over the billing, inspection and investigation of illegal electricity and water connections and not reading of meters , the municipality is incurring high losses for the two respectively which has a negative impact on the financial viability, cash- flows and service delivery.

Grant management

46. Mafube Local Municipality received grants totalling R135 837 000 to fund its programmes and projects in the current year. We audited compliance with the Division of Revenue Act and the use of the conditional grants.

47. We identified findings to highlight in this area of financial management. The findings on material non-

compliance with legislation will be reported in the auditor's report.

Findings on Municipal Infrastructure Grant

	Prior years reported	
	2022-23	2021-22
Grant underspending		
Budget: R10 495 000 **Underspending**: R4 626 942 [44%]	√	√
Material non-compliance		
Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2024).	√	√

48. The above is as a result of utilization of conditional grant for municipal operations and the municipality not providing payment reports for utilisation of the grant thus resulting grant funding be rolled over.
49. **Impact:** This will result in an inability to eradicate basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities as the capital finance is not fully utilised and spent for its intended purposes.

Findings on Water Service Infrastructure Grant

	Prior years reported	
	2022-23	2021-22
Grant underspending		
Budget: R12 000 000 **Underspending**: R5 271 328 [44%]	√	√
Material non-compliance		
Water Services Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2024).	√	√

50. The above is as a result of utilization of conditional grant for municipal operations and the municipality not providing payment reports for utilisation of the grant thus resulting grant funding be rolled over.

51. **Impact:** This will result in an inability to eradicate basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities as the capital finance is not fully utilised and spent for its intended purposes.

Internal control and recommendations

52. We identified significant internal control deficiencies, which caused the weaknesses in financial management and performance as reported.

Significant internal control deficiencies – financial management

Internal control deficiency	Prior years reported	
	2022-23	2021-22
Management utilises conditional grant for operational activities of the municipality and not what the funds are intended for.	√	√

53. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024.

PERFORMANCE PLANNING, MANAGEMENT AND REPORTING

Overall performance planning and management

54. We tested whether the municipality's performance planning and management processes, the integrated development plan (IDP) and service delivery and budget implementation plan (SDBIP)complied with the key requirements from legislation and the *Framework for the managing of programme performance information* (FMPPI), issued by NT

55. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

Findings on performance planning and management

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
Amendments to the Integrated Development Plan (IDP) were made without making the proposed amendments available for public comment, as required by section 34(b) of the MSA and municipal planning and performance management regulation 3(4)(b) and/or 15(1)(a)(ii)].	Yes	√	√
Amendments to the IDP were made without consultation with the district municipality, as required by municipal planning and performance management regulation 3(6)(a).	Yes	√	√
The performance management system and related controls were inadequate as it did not describe how the performance reporting processes should be conducted as required by municipal planning and performance management regulation 7(1).	Yes	√	√

56. This non-compliance occurred because management do not adequately monitor and ensure compliance with applicable laws and regulations

57. **Impact:** Lack of adequate controls to ensure performance reporting is valid, accurate and complete and will impact the effectiveness of service delivery

Audit of annual performance report

58. The SDBIP and annual performance report were submitted to us for auditing on 31 March 2025

59. As detailed in the engagement letter, we undertook a reasonable assurance engagement on specific development priorities selected for auditing. We will report only the material findings in the auditor's report and not the audit opinion as included in **section 1**.

60. We selected the following development priority for auditing:

   a. Basic service delivery and infrastructure development

61. The selected development priority covers all the basic service performance indicators the municipality is mandated to supply to the community

62. We evaluated the reported performance information for the selected indicator against the criteria developed from the performance management and reporting framework. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and objectives

63. We performed procedures to test whether:

   a. the indicators used for planning and reporting on performance can be linked directly to the [type of auditee]'s mandate and the achievement of its planned objectives
   b. all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
   c. the indicators are well defined to ensure that they are easy to understand and can be applied consistently and are verifiable, so that we can confirm the methods and processes to be used for measuring achievements
   d. 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
   e. the indicators and targets reported on in the annual performance report are the same as what were committed to in the approved initial or revised planning documents
   f. the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
   g. there is adequate supporting evidence for the achievements reported and for the [reasons provided for any over- or underachievement of targets/ measures taken to improve performance].

Audit results – basic service delivery and infrastructure development

64. We did not identify findings on the completeness of the indicators used for planning and reporting on performance.

65. We identified material findings on the overall presentation of performance information in the annual

performance report. The reasons for non-achievement of targets were not disclosed [Short description of finding[s] and impact similar to what is included in the reporting guide example audit report paragraphs].

66. We identified material misstatements in the reported performance information in the annual performance report submitted for auditing. All these misstatements are repeat from previous years

Material misstatements not corrected

Description	Prior-year misstatements	
	2022-23	2021-22
Percentage of households with access to basic refuse removal service		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed		
Percentage of Business, Public entities and industries with access to basic refuse removal service		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage of households with access to basic level of water services within a formalized settlement		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage of Reported water leaks repaired within 48 hours		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed		
Number of blue drop status reports submitted to the accounting officer		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		

Percentage of households with access to basic electricity service standard		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage of households with access to basic sanitation service standard		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • The indicator was included in the SDBIP but was not reported on in the APR		
Percentage Reported sewage blockages repaired within 48 hours		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Number of Water quality green drop status reports submitted to the accounting officer		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable.		

Description	Prior-year misstatements	
	2022-23	2021-22
• Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage Qalabotjha/Villiers construction of a 6.5ML concrete clean water reservoir and pipe (phase 2)		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Project Management - Percentage Upgrading of Namahadi Zomba stadium (Phase 1)		

• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage Namahadi construction of 0.7km paved road and storm water at Mposula, Mashego and Thadi Street		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage Qalabotjha construction of 0.993km paved road and storm water drain		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		
Percentage Namahadi fencing of cemetery in Ward 6		
• Due to lack of adequate processes and controls, including inadequate TIDs and a lack of SOPs, the target is not measurable. • Due to inadequate supporting evidence the reported achievement could not be confirmed • Measures taken to improve or propose interventions to improve was not provided for the target that was not achieved		

	Uncorrected		Corrected		No prior-year misstatement		Indicator not audited/included in annual performance report

67. The material misstatements that were not corrected will be reported in the auditor's report. These misstatements formed the basis for the [modified opinion[s] or conclusions [s] / material findings].

Information to be included in auditor's report

68. We may communicate matters about the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the annual performance report to know about. We will include information on the corrections to the material misstatements in the submitted annual performance report in the 'other matters' section in the auditor's report.

Internal control and recommendations

69. We identified significant internal control deficiencies, which caused the weaknesses in the performance planning, management and reporting processes as reported

Significant internal control deficiencies – performance planning, management and reporting

Deficiency	Prior years reported	
	2022-23	2021-22
Management did not exercise oversight responsibility regarding performance reporting as well as related internal controls	√	√

70. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024.

PLANNED TARGETS NOT ACHIEVED

71. As disclosed in the annual performance report, not all the planned targets were achieved for the development priorities we selected for auditing.

72. We will draw the attention of oversight to the non-achievement of key indicators by including the table that follows in the 'other matters' section in the auditor's report, with reference to the pages in the annual performance report where the reasons for the non-achievement are included.

Targets for key indicators not achieved – basic service delivery and infrastructure development

Key indicators not achieved	Planned target	Reported achievement
Percentage of households with access to basic refuse removal service	86%	40%
Percentage of households with access to basic level of water services within a formalized settlement	86%	50%

Key indicators not achieved	Planned target	Reported achievement
Percentage of households with access to basic level of water services within a formalized settlement.	76%	0%
Percentage of Reported water leaks repaired within 48 hours.	75%	0%
Number of blue drop status reports submitted to the accounting officer	12	0
Percentage of households with access to basic electricity service standard	97%	0%
Percentage of households with access to basic sanitation service standard		
Percentage Reported sewage blockages repaired within 48 hours	85%	0%
Number of Water quality green drop status reports submitted to the accounting officer.	12	0
Percentage Qalabotjha/Villiers construction of a 6.5ML concrete clean water reservoir and pipe (phase 2)	100%	0%
Percentage Upgrading of Namahadi Zomba stadium (Phase 1)	100%	0%
Percentage Namahadi construction of 0.7km paved road and storm water at Mposula, Mashego and Thadi Street	100%	0%
Percentage Qalabotjha construction of 0.993km paved road and storm water drain.	5%	0
Percentage Namahadi fencing of cemetery in Ward 6	100%	0

73. For most of the non-achievement of planned targets management indicated that funds were not budgeted for these indicators.

OTHER INFORMATION IN ANNUAL REPORT

74. We did not audit the information in the annual report except for the financial statements and the indicators in the annual performance report selected for auditing.

75. However, the auditing standards require us to read the unaudited information and consider whether it is materially inconsistent with the information we audited or the knowledge we obtained during the audit, or otherwise appears to be materially misstated.

76. The chapters on governance, organisational development performance, financial performance and appendices were not received in time for us to perform this procedure. We will report this in the auditor's report and indicate that any material misstatements identified when we receive it that are

DELIVERY OF WATER AND SANITATION

77. The audit included an assessment on the delivery of water and sanitation which included responsibilities of the municipality as a water service authority, reporting on delivery of water, budgeting for water infrastructure, Water services development plan (WSDP), routine maintenance, vacancies and skills available for water services delivery, the quality of drinking water and water distribution losse

78. The audit also included the provisioning of sanitation services, planning and reporting on sanitation services, budgeting for sanitation infrastructure and routine maintenance, implementation of water services

development plan (WSDP) and availability of qualified engineers/ technical staff to conduct the condition assessments of infrastructure

79. We identified significant findings on the delivery of the service.

80. Impact: These findings negatively affect the basic living standards of citizens prescribed by the constitution and sustainable development goals to which the country aspires.

81. The findings mostly arise from inability to plan, deliver and maintain infrastructure required for water and sanitation and routine operational failures due to lack of technical capacity and managerial skills.

WATER – repeat

82. We audited the planning, measurement, monitoring and reporting on access to water services, water infrastructure, quality of drinking water and water distribution losses. These would determine the extent to which water which safe is available and accessible to the citizens living within the municipality

Findings on water

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
No report on the implementation of the WSDP for the two financial years before the financial year under review	Yes	No	No
Inadequate budget provisions for operating and capital expenditure necessary to achieve the targets in the WSDP and the water maintenance plan	Yes	No	No
There is under-expenditure resulting from unutilised budget due to lack of planning on maintenance or monitoring of the budget etc.	Yes	No	No
No conditional assessment of water infrastructure was performed to inform the water infrastructure maintenance plan for the year under review.	Yes	No	No
The WSA does not have an appropriate complaint reporting mechanism to identify and respond to complaints from water users.	Yes	No	No
No action plans were prepared to address the root causes for water losses. This was mostly adequate skills and vacancies.	Yes	No	No

Recommendations

83. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024

Key recommendations and responses – [name of service]

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Increase the budget provisions for operating and capital expenditure **Response:**	2023-24	Not started

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Fill all vacant posts in the technical unit required for effective delivery of water. **Response:**	2023-24	Not started

Sanitation – repeat

84. We audited access to sanitation services, budgeting for sanitation infrastructure and routine maintenance, implementation of water services development plan (WSDP) and availability of qualified engineers/ technical staff to conduct the condition assessments of infrastructure

Finding	Material non-compliance	Prior years reported	
		2022-23x	2021-22
The Department of Water and Sanitation (DWS) is responsible for the regulation and monitoring of water services as stated in Section 62 of the Water Services Act (No. 108 of 1997), and for issuing Water Use License for Wastewater and Water Treatment Works. Under normal circumstances, wastewater works should handle its operations in a manner that is in compliance with it's operating Water Use License (WUL) to ensure service delivery and to safeguard against environmental pollution	No	No	No
The backlog in the provision of sanitation services was not determined.	No	No	No
The backlog in the provision of sanitation services is due to: ◦ Delays in registration of informal areas and development of existing proposed areas.	No	No	No
Inadequate budget provisions for operating and capital expenditure necessary to achieve the targets in the WSDP and the water maintenance plan	No	No	No
There is under-expenditure resulting from unutilised budget due to e.g lack of planning on maintenance or monitoring of the budget etc.	No	No	No
No conditional assessment of water infrastructure were performed to inform the water infrastructure maintenance plan for the year under review.	No	No	No
There are insufficient qualified engineers/technical staff] to conduct the condition assessments and meet project needs and oversee the work performed by consulting engineers in relation to water infrastructure due to vacancies in the technical department.	No	No	No

Recommendations

85. We made recommendations to improve the delivery processes to the accounting officer.

Key recommendations and responses – sanitation

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Fill all vacant posts in the technical unit required for effective delivery of water. **Response:**	2023-24	Not started

103. Commentary on prior-year recommendations and management responses not yet implemented and any other insight into focus areas not dealt with elsewhere in management report

Water tankering – repeat

104. The municipality has a small water tinkering programme supporting informal settlements

Findings on water tankering

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
Water tankers owned by the WSA are not being effectively utilised.	No	No	No
The outsourced water tankering service providers are billing for service areas that the municipalities own water tankers have been servicing.	No	No	No
Water tankering service contracts were awarded without following appropriate supply chain processes resulting in irregular expenditure.	No	No	No
There are indicators of collusion, sabotage or abuse of the procurement process resulting in excessive costs of tankering services.	No	No	No
Appropriate procurement processes were not followed when awarding a contract/s to a water tankering service provider,	No	No	No
The WSA did not plan appropriately for procurement of water tankering services resulting in the unnecessary use of emergency procedures to facilitate the procurement of these services,	No	No	No
The WSA did not undertake an appropriate needs analysis that adequately describes the areas to be serviced, the frequency of the service to be provided, the number and capacity of the tankers required as well the period for which the water tankers will be required,	No	No	No
The water tankering service contract is not in line with the needs analysis,	No	No	No
The prices charged for services are not market related, The WSA does not adequately rotate suppliers to prevent unfair reliance on suppliers.	No	No	No

The root causes for excessive reliance on outsourced water tankering services were not appropriately addressed to ensure that all water users have sufficient and reliable access to water. Possible root causes for water tankering services are: ◦ No water infrastructure to support delivery of water to affected communities	No	No	No

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
◦ Water infrastructure to affected communities are in a delapidated state and therefore does not provide any access or regular access to a supply of water - Planned long-term repairs being undertaken (greater than 7 days) ◦ Short-term planned repairs and maintenance resulting in water outages (less than 7 days) ◦ Water projects are in the process of being implemented resulting in a temporary cut-off of supply ◦ Damage to water infrastructure - including unplanned repairs and maintenance required ◦ Load-shedding has resulted in intermittant pumping of water to reservoirs, resulting in temporary shortages of the supply of water. ◦ Other reasons - please document the reason.			
Payments for water tankering services were not supported by adequate appropriate supporting evidence to confirm that services were rendered for amounts invoiced and/or paid by the WSA,	No	No	No
Payments for water tankering services were made for services that were not rendered resulting in fruitless and wasteful expenditure incurred, OR The WSA did not implement appropriate internal control processes to verify payments made to service providers and/or checks to ensure that water tankers are effectively utilised during the day. and/or The quantities of water delivered during the day was not measured in accordance with the requirements of the contract and/or Invoices were not reviewed to ensure that appropriate evidence is available to confirm the delivery of services as per the invoice of the supplier.	No	No	No
The WSA did not prepare appropriate action plans to provide a permanent source of piped water to affected communities or to restore regular supply of piped water.	No	No	No

The action plan prepared does not set out appropriate milestones and/or does not allocate responsibility to responsible staff members,	No	No	No
The WSA's planning documents (IDP/SDBIP) do not include planned/ future infrastructure investment for the specific areas/ region where water tankers are used,	No	No	No
Water projects to affected communities are significantly delayed and water tanker suppliers are being utilised for pro-longed periods of time. Certain contractors are being contracted for prolonged periods and are unduly benefiting financially from these contracts.	No	No	No

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
The WSA does not have systems in place to test the quality of water that is delivered to communities through periodic testing.	No	No	No
The WSA does not have systems in place to test the quality of water that is delivered to communities through periodic testing.	No	No	No

Recommendations

105. We made recommendations to improve the delivery processes to the accounting officer.

Key recommendations and responses – water tankering

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: The municipality should improve its own capacity to deliver water to the areas affected. Management should schedule regular repairs and maintenance to the existing fleet. In addition management should plan to acquire new tinkering trucks. **Response:**	2023-24	Not started

Services to indigent households

106. The management of municipal indigents is key to appropriate service delivery and financial management within local government. Services to indigent households is encompassed within the Constitution of South Africa, as such it is important to ensure that funds budgeted for indigent households reach the intended beneficiaries through appropriate service delivery. Mismanagement of indigents can financially cripple municipalities and service delivery, while proper management of indigents will assist municipalities with financial health.

Findings on services to indigent households

Finding	Number of instances identified (2023-24)	R-Value of instances identified (2023-24)	Prior years reported	
			2022-23	2021-22
Individuals listed as a deceased person on the NPR database	356	R1 342 476		
Individuals where the ID number could not be found on the NPR database.	457	R1 723 347		
Individuals with an ID Number duplicated on the Individual register	24	R60 504		

107. Indigents not meeting the qualification criteria are depriving the municipality of revenue required for to fund service delivery.

Recommendations

108. We made recommendations to improve the delivery processes to the accounting officer. Some of these recommendations were also made in prior years.

Key recommendations and responses – services to indigent households

Recommendation and management response	Year originally recommended	Status of implementa tion
Recommendation: Raise awareness of the existence of indigent support finding to all qualifying communities**.** **Response: Recommendation:**	**2023+24**	**In process** – Not started
Recommendation: Request and process applications for qualifying indigents **Response:**	**2023-24**	**In process** – Not started

109. The municipality should take responsibility for publication of the existence of indigent support funding and fast track the process for application and approval for qualifying indigents.

Key service delivery observations

110. The municipality did not prioritise indigent support

111. Key infrastructure required for water and sanitation remains a challenge especially in informal settlements.

Recommendations

112. We made recommendations to improve the delivery processes to the accounting officer. Some of these recommendations were also made in prior years.

Key recommendations and responses – key service delivery observations

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: • The MPAC should investigate all prior year irregular expenditure and make recommendation to the municipal council as appropriate • The MPAC should investigate all prior year unauthorised expenditure and make recommendation to the municipal council as appropriate. The MPAC should investigate all prior year Fruitless and Wasteful expenditure and make recommendation to the municipal council as appropriate.**:** **Response:**	**2023-24**	**In process – Not started**

113. Recommendations

114. The process to formalise informal settlements should be fast tracked and the delivery of basic water and sanitation infrastructure prioritised to ensure quality water is available for the people in these communities.

HUMAN RESOURCE MANAGEMENT

115. We audited compliance with legislation on human resource management and assessed the processes in place to ensure adequate and sufficiently skilled resources are in place.

116. Horizontal approach was followed in auditing the human resource management.

117. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

Findings on human resource management

Finding	Material non-compliance	Prior years reported	
		2022-23	2021-22
I was unable to obtain sufficient appropriate audit evidence that senior managers signed performance agreements within the prescribed period, as required by section 57(2) (a) of the MSA.	Yes	√	√
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 MSA.	Yes	√	√

118. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024.

USE OF CONSULTANTS

119. The municipality spent R 3 900 936.15 on consultants to support the current year financial management and reporting processes – a decrease from the R 9 660 000 in the previous year.

120. Our audit included an assessment of the effective use of consultants and compliance with local government requirements for the appointment and management of consultants.

121. We identified findings on the use of consultants.

Findings on use of consultants

Finding	Prior years reported	
	2022-23	2021-22
Gap analysis report. Consultancy reduction plan for 2023/24 financial year end. Evidence of skills transfer from the appointed consultants to municipal officials. Measures which are in place to monitor the performance of consultants	√	√

122.**Impact:** Section 62(1)(b) of the MFMA. Municipal cost containment regulations 4, 5(1), 5(5)(d) and 5(5)(f)

123. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024

124. Findings on material non-compliance with legislation will be reported in the auditor's report.

CO-ORDINATING MINISTRIES AND THEIR IMPACT ON LOCAL GOVERNMENT.

125. The co-ordinating ministries within the province should maintain a role of oversight, co-ordination and guidance to the local government sector and its service delivery activities. The main role-players within the province are Provincial Treasury (PT); the department of co-operative governance and traditional affairs (COGTA); and the Member of executive Council (MEC)for local government.

126. We considered the influence, support, capacitation and interventions of these co-orientating departments as part of our audit. We also considered the role of the accounting officer, mayor and the council, including the municipal public accounts committee (MPAC), internal audit and the audit and risk committee to better understand the discharge of their mandate and the effectiveness of their role.

127. Our insights are as follows:

Financial Management and Support

128. The municipality did not complete and submit the mid-year budget and performance assessments to Treasury. As a result, the auditors could not obtain reports from Provincial Treasury for remedial actions from Treasury.

129. The municipality does have a recovery plan (FRP) in place for the 2023/24 financial year

130. The municipality is under Provincial or National intervention as part of s139 intervention

Capacitation and professionalisation

131. There were officials from Provincial Treasury and Provincial COGTA that were deployed to the municipality to assist with training and technical support.

Dysfunctional municipalities

132. Financial Recovery Plan was in place and as a result it could be confirmed that there was Municipal council and oversight mechanisms

Municipal council and oversight mechanisms

Council

133.The following significant deficiencies were identified in the governance and oversight processes of the council during the financial year under review:

134. High Vacancy Rate in Senior Management

There was a persistent lack of appointments to senior management positions, with no appointments made throughout the year.

135. Non-Implementation of Auditor-General Recommendations

The municipality failed to implement the recommendations outlined in the prior Auditor-General's audit report.

136. Lack of Investigations into UIFW Expenditure

The municipality did not conduct investigations into instances of unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure incurred during the financial year.

137. These deficiencies indicate a lack of effective governance structures and practices, highlighting the need for immediate corrective actions to strengthen oversight mechanisms and ensure compliance with legislative and audit requirements.

138. The Auditor General's audit report was tabled and presented to Council. The audit report was subsequently discussed, and the recommendations were tracked and monitored by council. However, the audit action plan was not monitored by council to ensure that recommendations from prior years are implemented and that officials are held accountable for non-implementation of the audit action plan.

Municipal Accounts Committee (MPAC)

139. MPAC did review the Annual report of the prior year

140. MPAC was fully functional throughout the year however, MPAC did not effectively deal with the implementation of the audit action plan and did not monitor or implement the MI recommendations from the AGSA.

141. The Auditor General's audit report was discussed at the MPAC meetings. However, the recommendations discussed were not tracked and monitored by MPAC.

142. No evidence was provided to confirm the timeframes for the implementation of the recommendations, investigations of the UIFW and follow ups on MI's and disciplinary boards by MPAC.

Disciplinary Boards

143.A disciplinary board to investigate allegations of financial misconduct is not in place

Consequence management

144. We could not obtain any evidence confirming that council attended the CMA training and whether treasury assessed the implementation of the CMA framework.

The municipal council did not monitor the progress on MI's until the MI's were resolved and they did not implement steps to prevent re-occurrence of a similar MI in the future.

Internal audit and audit committee

145. We could not obtain evidence to confirm the reviews done on the progress of recommendations for submission to council by the audit committee on a quarterly basis.

146. MPAC did not evaluate the extent to which the audit committee recommendations have been implemented to make additional recommendations to council for further actions from the reviews.

147. The internal audit report did not show the municipality's progress on the recommendations made to thecouncil, the audit committee and the municipal manager.

148. The audit committee met with Council as the audit committee reports and recommendations were tabled to council.

INFORMATION SECURITY MANAGEMENT

149. Our audit included an assessment of the effectiveness of information technology (IT) security controls that should prevent unauthorised access to key information systems and safeguard the municipality against business interruptions

150. We did not identify significant deficiencies in the IT security controls.

Significant internal deficiencies – IT security controls

Deficiency	Prior years reported	
	2022-23	2021-22
There is no IT steering committee in place	√	√
An IT strategi plan was not developed	√	√
There is no off-site backup facility in place	√	√
The IT disaster recovery plan is not approved by council	√	√

151. **Impact:** This may result in a loss of data that cannot be recovered

152. No recommendations other than those included in communications of audit findings to management were made for the 2022/23 financial year as the AFS were submitted late and the audit was concluded in December 2024.

PROCUREMENT AND CONTRACT MANAGEMENT

153. Section 217(1) of the Constitution envisages supply chain management systems that are fair, equitable, transparent, competitive and cost effective to achieve optimal value for public money spent and ensure equitable opportunities for suppliers to participate in government business. Meticulous contract management and rigorous payment control mechanisms should be in place to ensure that payments are made only upon the supplier's timely delivery, agreed-upon pricing is adhered to, and specified quality standards are complied with.

154. We continued to focus on procurement and contract management processes, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor’s report.

155. Next, we summarise the areas in procurement and contract management processes where we identified findings – these are the areas at greatest risk of fraud and financial loss. Details on the findings are included in **annexure B**.

Findings on procurement and contract management

Area	Findings		
	2023-24	2022-23	2021-22
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			

Non-compliance: quotation process			
Contract management			

	Material non-compliance with legislation		Findings		No findings

156. **Impact:** Findings result in material non-compliance with SCM laws and regulations.

157. The causes of the non-compliance are an inadequate control environment pertaining to procurement and contract management and lack of review by management in ensuring that the SCM laws and regulations have been complied with.

IRREGULAR EXPENDITURE

158. Non-compliance with legislation resulted in irregular expenditure of R26 390 846. The irregular expenditure incurred constitutes non-compliance with SCM laws and regulations. The non-compliance will be reported as a material finding in the auditor's report.

159. The irregular expenditure incurred was disclosed in the financial statements.

CONSEQUENCE MANAGEMENT

160. Legislation stipulates that matters such as incurring unauthorised, irregular, and fruitless and wasteful expenditure; the possible abuse of the supply chain management system (including fraud and improper conduct); and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of these investigations. Our audit included an assessment of the municipality's management of consequences.

161. In the table that follows, we provide analysis of how long incidents of unauthorised, fruitless, and wasteful expenditure reported in previous year's take to clear.

Status of incidents of prior years unauthorised, fruitless, and wasteful expenditure (UIFWE)

Type	Incidents reported	Incidents cleared	Incidents not cleared	Average time to clear incidents	Average age of incidents not yet cleared	Reason
Irregular expenditure	352	0	352	N/A – Incidents not cleared	5 Years	MPAC has had difficulties to carry out its duties as a result of not being sufficiently

Type	Incidents reported	Incidents cleared	Incidents not cleared	Average time to clear incidents	Average age of incidents not yet cleared	Reason
						capacitated in relation to full time staff members
Fruitless and wasteful expenditure	103	0	103	N/A – Incidents not cleared	5 Years	MPAC has had difficulties to carry out its duties as a result of not being sufficiently capacitated in relation to full time staff members
Unauthorised expenditure	6	0	6	N/A – Incidents not cleared	5 Years	MPAC has had difficulties to carry out its duties as a result of not being sufficiently capacitated in relation to full time staff members

162. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

Findings on consequence management

Finding	Material non-compliance	Value/instances	Prior years reported	
			2022-23	2021-22
Unauthorised, irregular, and fruitless and wasteful expenditure				
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	Yes	R394 083 235	√	√
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	Yes	R26 360 846	√	√
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	Yes	R81 251 824	√	√

163. The above findings have been communicated to management in prior years and recommendations were also made to management to put in place process that ensures that the above findings are investigated. However, limited to no progress has been evident in prior years and in the current year which was caused by lack of oversight from management to ensure that compliance with applicable legislation is regularly reviewed, monitored and implemented.

164. We identified significant internal control deficiencies, which caused the weaknesses in consequence management as reported.

Significant internal control deficiencies – consequence management

Deficiency	Prior years reported	
	2022-23	2021-22
Municipal Public Accounts Committee (MPAC) not investigating the UIFW timely in ensuring that there efficient and effective use of municipal resources	√	√

165. No recommendations other than those included in communications of audit findings to management were made for the 2023/22 financial year as the AFS were submitted late and the audit was concluded in December 2024

FRAUD RISK

166. Our auditing standards define fraud as an intentional act by one or more individuals who are employees, management, those charged with governance or third parties, and that involves the use of deception to obtain an unjust or illegal advantage.

167. We are required to evaluate whether the information obtained during our audit indicates whether there any fraud risk factors present at the municipality and consider its impact on the audit. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or that provide an opportunity to commit fraud (e.g. inadequate controls to prevent or detect fraud). We did not identity fraud risk factors

168. We are also required to communicate any suspected fraud identified during the audit or information that indicates such fraud may exist. We did not identify any suspected fraud matters

SECTION 3: CONTROL ENVIRONMENT

OVERALL CONTROL ENVIRONMENT

169. The significant internal control deficiencies as reported in **section 2** were caused by weaknesses in the overall control environment, for which the accounting officer and senior management are responsible.

170. The following are the main weaknesses that need urgent attention to improve the overall control environment:

Significant internal control deficiencies – overall control environment

Deficiency	Prior years reported	
	2022-23	2021-22
Leadership did not monitor and enforce the implementation of the corrective measures included in the audit action plan and prevent the re-occurrence of material findings reported in the audit report. These measures were to address the weaknesses of the financial and performance reporting as well as procurement, contract management and the prevention of unauthorised, irregular and fruitless and wasteful expenditure	√	√
Management did not effectively monitor the compliance with applicable legislation as instances of non-compliance reported in the previous year recurred. The audit committee and council did not improve the oversight and governance of the control environment.	√	√
Management did not implement effective controls to ensure standard operating procedures are developed for the planned and reported performance indicators and targets.	√	√
Management did not implement effective internal control processes to manage the daily and monthly processing and reconciling of transactions. Effective record keeping was not implemented to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting. This resulted in material limitation misstatements being identified in the financial statements and the annual performance report	√	√
Management did not ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively	√	√
The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation	√	√

171. The state of overall control environment is weak as a result of internal controls not being designed and/or implemented. There appears to be no improvement in the control environment due to numerous findings that were raised in the current year, with most of which being repeat findings from prior years.

172. In **annexure C** we provide a more detailed view of the overall state of internal control.

ACCOUNTABILITY ECOSYSTEM

173. The accountability ecosystem is the collection of role-players that have a part to play in enabling and institutionalising a culture of performance, transparency, accountability and integrity at the Financially Unqualified with findings. These role-players include the officials, senior management and [party responsible], supported by the internal audit unit and the audit committee.

174. We observed strengths and weaknesses in the contributions to the ecosystem by leadership, management and the governance structures of the Financially Unqualified with findings. We share our observations with the intention to contribute to strengthening the overall control environment, performance and accountability.

Accounting Officer and senior management

175. Section 62 of Municipal Finance Management Act (Act 56 of 2006) outlines and gives authority to the accounting officer for effective management of financial administration of the municipality, amongst others, this includes the effective, transparent, efficient use of the resources of the municipality, prevent the occurrence of unauthorised, irregular, fruitless and wasteful expenditure as well as implementation of efficient, effective and transparent system of financial and risk management and internal controls, furthermore, an effective internal audit operating in accordance with the prescribed norms. These functions are propellers of a good and clean administration.

176. We noted the efforts to address the prior year issues, however, during the audit process, it was identified that management did not at all times implement recommendations of Auditor-General which could have had an impact in reduction of the internal control deficiencies and material misstatements. Furthermore, the action plan that was implemented did not address findings raised in prior years.

177. In addition to this key management positions were vacant, and no action was taken to fill the vacant position

Audit committee

178. An audit committee is an independent advisory body that advise management and council on risk management, effective governance, adequacy reliability and accuracy of financial reporting, performance management as well as compliance with the legislation.

179. The audit committee did not oversee the financial reporting process, internal and external audit functions, and compliance with relevant laws. These resulted in a number of significant issues identified by the external auditors in relation to financial management, performance information and compliance with laws and regulations.

180. In addition, the audit committee was partly functional for the year under review 8 months during the year under review and did not approve the internal audit plan and the audit committee did not prepare quarterly reports for the 2023/24 financial year therefore no evidence was obtained that the committee advised the council or accounting officer,

181. The audit committee did not review the annual financial statements prior to submission for audit.

Internal audit unit

The internal audit was established to provide management with the independent and objective assurance on risk management and control environment.

182. From the observations and understanding obtained during the audit process, the internal audit is not capacitated adequately to execute its mandate.

183. The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We have used internal audit work for risk identification process as the scope of the internal audit work performed could not reduce the nature, scope, timing and extent of the audit procedures, the reports listed below were used for risk identification process:

184. Overall, the internal audit did not have a positive impact as that prior year findings were raised again in the current audit, and insufficient proof that management is taking the work done by Internal Audit. We recommend that internal audit to be staffed more appropriately, serious consideration should be given to the focus and priority of internal audit.

RECOMMENDATIONS AND RESPONSES

185. We made recommendations to improve the overall control environment to the staff members in senior management]. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – control environment

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Recommendation: Management should ensure timely responses to requests for information and prioritise proper safekeeping of records that can be presented for audit. In this regard, clear record keeping of the information should be maintained and made available for audit. **Response:** [Short description of response]	2023/2024	Not started
Recommendation: Management should review the sub ledgers/schedules against the supporting documentation to ensure that accurate amounts are disclosed in the financial statements **Response:**	2023/2024	Not started
Recommendation: The accounting officer should capacitate the finance division and the internal audit **Response:**	2023/2024	Not started
Recommendation: The accounting officer should capacitate the finance division and the internal audit **Response:**	2023/2024	Not started

Management has been agreeing with the auditors mostly but lacks proper implementation strategies to ensure that the prior year issues are not repeated in subsequent years.

SECTION 4: OVERALL RECOMMENDATIONS

188.We provided recommendations to senior management to rectify the weaknesses identified in financial management, performance management, compliance with legislation and service delivery. Our recommendation for the municipality is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.

189. Our recommendation for the municipality is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.

190. In our view the main root causes that need attention are as follows:

191. There were no investigations performed prior to writing off unauthorised and irregular expenditure.

192. There was no proper record keeping in place to support the financial statements.

193. Lack of proper reviews lead to differences between the supporting schedules and the amounts disclosed in the financial statements.

194. GRAP and MFMA regulations were not properly applied resulting in material non-compliance.

195. The high vacancy rate and instability on the critical positions lead to the weaknesses in the overall control environment

196. Addressing these root causes requires a focused and systematic approach. The municipality did not effectively implement the action plan to address the internal and external audit findings. Recommendations of the external auditors were not effectively implemented; hence some repeat findings were raised during the audit.

197. The following are our main recommendations to address the identified root causes. We have shared some of these before and ask for urgent action to ensure their implementation.

Overall recommendations

	Recommendation	Year originally recommended	Status of implementation
1.	Management should ensure that there is an audit action plan in place and is implemented immediately after the external audit is concluded, the action plan should also include recommendations made on the significant internal control deficiencies identified in the current audit in the areas such as Service charges, Property plant and equipment, receivables and vat.	2022/2023	In progress
2.	Management should ensure that investigations into irregular expenditure and fruitless and wasteful expenditure are concluded, reported, and disciplinary steps are taken against officials who commit or cause to commit fruitless	2023/2024	New

	and wasteful expenditure		
3.	Management should capacitate the finance department through the necessary appointment processes, enforce the credit management and revenue management policy in a consistent manner. Prioritisation of permanently filling key vacant positions, with the required experience	2023/2024	New

	Recommendation	Year originally recommend ed	Status of implementation
	and knowledge will enable for the development of strong internal control environment.		

198. The implementation of the above recommendations should be monitored by oversight committees to ensure improvement in performance, accountability, transparency and institutional integrity of the municipality, which will all lead to better management of the affairs of the municipality and thus, service delivery

CONCLUSION

199. The implementation of the above recommendations should be monitored by oversight committees to improve performance, accountability, transparency and institutional integrity of the municipality.

Yours sincerely

TTNaidoo

Teresa Naidoo
Senior Manager
Date: 31 July 2025

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Appendices

6.1. Appendix A: Councillors; Committee Allocation and Council Attendance

Initial and Surname	Position
1. Cllr. TI Motsoeneng	Mayor (Anc)
2. Cllr. MM Mofokeng	Speaker (Anc)
3. Cllr. JT Kotsi	Chief whip (Anc)
4. Cllr. SB Ntuli	Councillor (Anc)
5. Cllr. A Tsotetsi	Councillor (ANC)
6. Cllr.MR Tsotetsi	Councillor (ANC)
7. Cllr. TP Mashiloane	Councillor (ANC)
8. Cllr. PM Mokoena	Councillor (ANC)
9. Cllr. MA Tsubane	Councillor (ANC)
10. Cllr. AN Molefe	Councillor (ANC)
11. Cllr. SM Steyn	Councillor (DA)
12. Cllr FA Tsotetsi	Councillor (DA)
13. Cllr. WBM Gumede	Councillor (EFF)
14. Cllr. EM Maboya	

	Councillor (EFF)
15. Cllr. JJ Kumbi	Councillor (EFF)
16. Cllr. J Oost (passed away and replaced by Crll Joep Marais)	Councillor (VF+)
17. Cllr. TBRJ Van Rensburg	Councillor (VF+)

Members of the Finance Portfolio Committee

1. Cllr. Faku Tsotetsi
2. Cllr. Mohapi Mokoena
3. Cllr. SB Ntuli- ***Chairperson of the Committee***

Members of the Community Services Portfolio

1. Cllr. Ntaoleng Molefe- ***Chairperson of the Committee***
2. Cllr. Walter Gumede
3. Cllr. Jan Oost(passed away and replaced by Crll Joep Marais)

Members of the Infrastructure Portfolio

1. Cllr. Tom Van Rensburg
2. Cllr. Jabulile Kumbi
3. Cllr. Tsubane Moabi-***Chairperson of the Committee***

Members of the Corporate Services Portfolio

1. Cllr. Jan Oost (passed away and replaced by Crll Joep Marais)
2. Cllr. Faku Tsotetsi
3. Cllr. Peter Mashiloane-***Chairperson of the Committee***

Municipal Public Accounts Committee (MPAC)

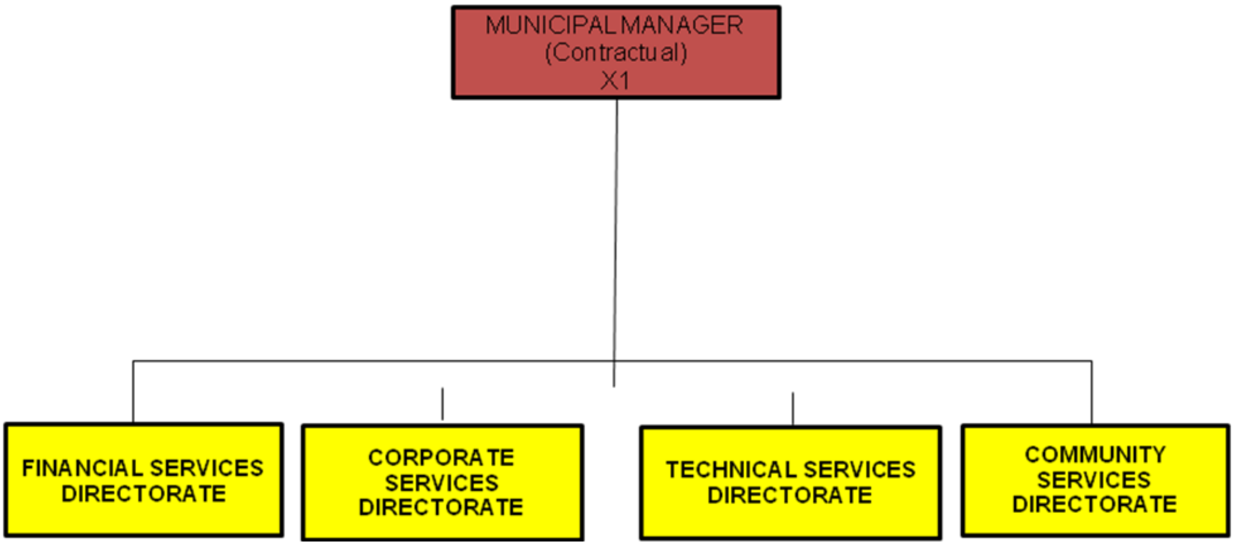
1. Cllr. Suzette Steyn
2. Cllr. Tom Van Rensburg
3. Cllr. Mamonaila Tsotetsi-***Chairperson***

6.2. Appendix B: Committee and committee purpose

The following table provides an overview of the Council Committees and the purpose ofeach committee.

Name of Committee	Purpose of Committee
Community Services	Responsible for oversight over Community Services matters
Infrastructure Services	Responsible for oversight over Infrastructure Services
Corporate Services	Responsible for oversight over Human Resources and Administration Matters
Financial Services	Responsible for oversight over Finance matters
Audit Committee	Responsible for Oversight over the work of the internal audit and performance management unit of the municipality
Municipal Public Accounts Committee	Responsible for overall oversight over the annual report and other assigned functions of the municipality

Appendix C: Third Tier administrative structure



6.4. Appendix D: Functions of Municipal/Entity

Category B Functions	Category C Functions	Provincial and National
Local Municipality	**District Municipality**	**Provincial Government**
Air pollution Building regulations Billboards and display of advertisementsStorm water Trading regulations Cleansing Facilities, Accommodation and burial of animalsFencing and fences Local sport facilities Municipal parks and recreation Municipal planning Municipal public transport Municipal roads Publicplaces and local amenities Street lighting Traffic and parking	Refuse removal andsolid waste Municipal roads airportsFire fig thing Markets Cemeteries Municipal public works Electricity regulation Municipal healthStorm water Potable water Sanitation Licensing	LibrariesHousing
Licensing of dogs		

6.5. Appendix E and F: Ward Reporting

No report from ward committees have been developed and submitted to council due to the state of the reports not be drafted adiquitly.

Below is the list of all ward committee members in the municipality;

Tsotetsi Doctor Motlalepula	Dhlamini Dieketseng Angelina	Mahlangu Mangada Vetman
Tsotetsi Malewatle Kate	Ndaba Patric Matjhini	Mthembu Kekinyana Lydia
Dlamini Nthabiseng Margaret	Mofokeng Lebohang Minah	Mokoena Agnes Ntombifuthi
Sekhoto Samuel Tsupa	Zimu Johannes Bafana	Mokoena Elizabeth Mamopini
Makhubo Jacob Vusi John	Xaba Nomacala Julia	Mokoen Lehlohonolo James
Mdungwana Eshter Ngakhile	Tshabalala Jabulile Julia	Gaba Mbatha Piet
Mashinini Jabulani Johannes	Mofokeng Moleboheng Bertha	Tsotetsi Magdelina Manteyi 1
Mollo Ntsekiseng Roseline	Viljoen Philippus Petrus	Maklasela Dimakatso Roselina
Moloi Deliwe Octavia	Gama Mantombinyana Lizbeth	Khumalo Rebecca Makgasane
Mofokeng Dihakanya Topsy	Tsotesi Ntsepiseng Thabita	Mazibuko Lekgotla Simon
Mashinini Sonto Sarah	Moshoadiba Mahketsi Elizabeth	Mahamotse Malekanti Maria
Dlamini Maria Phindiwe	Motaung Mamojani Magthalina	Sekhosana Mpho
Mashinini Nonhlanhla Goodness	Motaung Jeminah Ntaoleng	Mosia Molahlei Samson
Tsotetsi Titie Abram	Motloung Puleng Lucy	Mosia Norah Selloane
Mokoena Lerato Gregoria	Mabuya Siphikile Lawrance	Motaung Paulina Ntshepiseng
Mashiloane Portia Seipati	Moloi Eric Tiisetso	Mofokeng Adam Petrus
Khumalo Maseabi Sara	Mosia Joseph	Motsoeneng Thabiso Moses
Modise Matshiu Maria	Moloi Mirriam Tabile	Nhlapo Nomgqibelo Christina
Mojaki Nomaslazi	Mntambo Elias Bongani	Motsoeneng Mabuti Daniel
Kubeka Samkelo Albert	Tshabalala Cebisile Surprise	Moshoaduba Tshokolo Elias
Mosikidi Simon Matatiele	Mazibuko Careness	Manzana Maditeme Martha
Malindi Malehlohonolo Roselina	Ncala Dumi Fredie	Tsotetsi Dikeledi Patricia
Mqcina Nomalanga Portia	Motloung Carolina Malebaka	Dimaza Moratuwa Jemina
Mpinga Pholi Masibanyoni	Nhlapo Andronica Vangeli	Maseko Nompumelelo Prudence
Machechi Madinja Rebecca	Msimanga Dilahlwane Magdelina	Tsotetsi Mosela Sarah
Mohare Lindiwe Sarah	Msimanga Swazi Forgetmenot	Mashinini Matshidiso Julia
Mofokeng Ngaka Elias	Tsotetsi Sonto Jemina	Mnguni Vosemose Amos
Mokoena Nonkululeko Lucia	Moloi Masselaar Johannes	Mahlangu Mangada Vetman
Tsotetsi Mapula Sarah	Mphuthi moeketsi Anelina	Mthembu Kekinyana Lydia
Khumalo Sanah Ntsiyeng	Dhlamini Dieketseng Angelina	Mokoena Agnes Ntombifuthi
Makhubo Lehlohonolo Jacob		

6.6. Appendix F: Ward Information

Initial and Surname	Position
1. Cllr. TI Motsoeneng	Ward 9
2. Cllr. JT Kotsi	Ward 6
3. Cllr. SB Ntuli	Ward 1
4. Cllr. A Tsotetsi	Ward 2
5. Cllr.MR Tsotetsi	Ward 3
6. Cllr. TP Mashiloane	Ward 4
7. Cllr. PM Mokoena	Ward 5
8. Cllr. MA Tsubane	Ward 7
9. Cllr. AN Molefe	Ward 8

6.7. Appendix G: Recommendations of the Municipal Audit Committee

No information provided by directorates

6.8. Appendix H: Long term contracts and public private partnership

Category	Description of Goods/Services	Contract/ Tender award date	Contract Duration	Contract Value	VARIATION
COMPETITVE BIDS	AFS Preparation	2022-01-05	1 year	R 9 600 000,00	R 5 290 000,00
N/A	Airtime				
N/A	Short-term Insurance	2014-11-01	1 Year	R -	
N/A	Airtime, data and phones				
N/A	Software Licencing	21.07.2008	Renewed annually		
N/A	Airtime, data and phones				
COMPETITIVE BIDS	Valuation Roll	25/10/2018	5 Years	R 1 200 000,00	
COMPETITIVE BIDS	PANEL OF ATTORNEYS FOR PROVISION OF LEGAL SERVICES FOR A PERIOD OF 3 YEARS	01/12/2020	3 YEARS	R -	
				R -	
				R -	
COMPETITIVE BIDS	POOL OF SUPPLIERS TO SUPPLY AND DELIVER WATER RELATED EQUIPMENTS FOR A PERIOD OF 3 YEARS		2 YEARS	R 40 203,30	
				R 41 078,70	
				R -	
				R 39 703,75	
				R 33 370,13	
COMPETITIVE BIDS	CONSTRUCTION OF RISING MAIN RESERVIOR FROM FRANKFORT WATER WORKS TO THE NEW 12ML RESERVOIR		-	R 27 544 106,63	
COMPETITIVE BIDS	CONSTRUCTION OF QALABOTJHA TO VILLIERS SUBSTATION 11KV FEEDER LINE,ELECTRIFICATION 50 HOUSEHOLDS IN QALABOTJHA EXTENSION 13 AND 15 IN-FILLS IN NTSWANATSATSI			R 3 763 696,76	
COMPETITIVE BIDS	NAMAHADI UPGRADING OF GRAVEL ROAD TO PAVED ROAD AND INSTALLATION OF PROPER STORM WATER CHANNELS		-	R -	
COMPETITIVE BIDS	PANEL OF CONSULTANTS FOR PROVISION OF PROFESSIONAL SERVICES FOR A PERIOD OF 3 YEARS	30/11/2020	3 YEARS	R -	
				R -	
				R -	
				R -	
				R -	
				R -	
				R -	
				R -	
				R -	
COMPETITIVE BIDS	Construction of a 12ML Reservoir	2021-11-19	Multi Year contract	R 36 904 336,13	
COMPETITIVE BIDS	Repairs and Maintenance of pumps and motors				
COMPETITIVE BIDS	Unblocking and Desludging of reticulation networks				
COMPETITIVE BIDS	VAT Review				
COMPETITIVE BIDS	Construction of a dedicated pipeline from a 6.5ML reservoir in Villiers	2022-04-26	Multi Year contract		
COMPETITIVE BIDS	Electrification of 407 households in Tweeling	2022-09-15		R 6 765 684,52	
COMPETITIVE BIDS	Electrification of 228 households in Villiers	2022-10-26		R 3 258 051,94	
COMPETITIVE BIDS	Supply and delivery of petrol and diesel(Fuel) to the state				
COMPETITIVE BIDS	UPGRADING OF GRAVEL ROADS TO PAVED ROADS IN MAMAHADI	2023-03-13		R 5 411 556,15	
COMPETITIVE BIDS	CONSTRUCTION OF EMERGENCY STORAGE PONDS IN NAMAHADI/FRANKFORT	2023-09-28		R 4 136 223,67	
COMPETITIVE BIDS	Supply and delivery of water chemicals for a period of three years	2024-03-01	As and when required basis	R -	
COMPETITIVE BIDS	Rental of printers for a period of three years	2024-03-01		R 491 790,60	
TRANSVERSAL CONTRACT	Fleet	2024-02-29		R 703 000,00	

6.9.Appendix I: Municipal Entity/ Services Provider performance schedule

COMPETITIVE BIDS	UPGRADING OF GRAVEL ROADS TO PAVED ROADS IN MAMAHADI	2023-03-13		R 5 411 556,15	
COMPETITIVE BIDS	CONSTRUCTION OF EMERGENCY STORAGE PONDS IN NAMAHADI/FRANKFORT	2023-09-28		R 4 136 223,67	
COMPETITIVE BIDS	Supply and delivery of water chemicals for a period of three years	2024-03-01	As and when required basis	R -	
COMPETITIVE BIDS	Rental of printers for a period of three years	2024-03-01		R 491 790,60	
TRANSVERSAL CONTRACT	Fleet	2024-02-29		R 703 000,00	

6.10. Appendix J: Disclosure of financial Interest

All councilors have signed disclosure of financial interest including Supply Chain Management Unit, in the Financial Services Unit upon appointments of the members of the committee.

6.11. Annexure K

6.11.1. Monthly Projections of Revenue to be collected for Each Source,

6.11.2 Monthly Projections of Expenditure (Operating and Capital).

FS205 Mafube - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 45507

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue By Source																
Exchange Revenue																
Service charges - Electricity		–	–	–	4	–	–	0	–	0	0	0	(4)	0	0	0
Service charges - Water		3 817	6 471	1 263	3 491	3 512	3 198	4 227	4 235	4 169	4 169	4 169	1 816	44 536	43 053	45 637
Service charges - Waste Water Management		2 300	2 300	2 300	2 297	1 757	1 762	1 542	1 529	3 128	3 128	3 128	(729)	24 443	15 994	16 954
Service charges - Waste Management		1 763	1 763	1 760	1 762	1 632	1 590	1 546	1 545	2 318	2 318	2 318	(60)	20 255	15 746	16 691
Agency services													–	–	–	–
Interest													–	–	–	–
Interest earned from Receivables		3 285	5 884	5 913	5 967	6 105	6 166	6 235	6 280	5 769	5 769	5 769	(7 910)	55 233	–	–
Interest earned from Current and Non Current Assets		6	0	53	1	0	2	3	52	14	14	14	(47)	111	77	81
Dividends		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	548	548	548	4 935	6 580	6 975	7 393
Rental from Fixed Assets		29	29	141	29	29	27	29	29	72	72	72	(19)	540	331	350
Licence and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	0	0	–	0	0	0	0	0	0	0	0
Non-Exchange Revenue																
Property rates		2 547	2 526	2 523	2 556	2 508	2 508	2 501	2 501	3 132	3 132	3 132	723	30 291	26 583	28 177
Surcharges and Taxes													–	–	–	–
Fines, penalties and forfeits		–	–	2	0	–	–	–	–	(15)	(15)	(15)	45	3	139	147
Licences or permits													–	–	–	–
Transfer and subsidies - Operational		46 450	181	42	43	42	38 285	43	–	11 023	11 023	11 023	14 125	132 281	140 911	145 171
Interest		210	812	829	843	845	861	874	886	–	–	–	(6 159)	–	–	–
Fuel Levy													–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Discontinued Operations													–	–	–	–
Total Revenue		**60 639**	**20 204**	**15 072**	**17 291**	**17 113**	**54 623**	**17 225**	**17 295**	**30 397**	**30 397**	**30 397**	**6 717**	**317 127**	**252 833**	**263 809**
Expenditure By Type																
Employee related costs		7 421	9 911	4 527	8 585	13 249	9 226	3 982	–	7 148	7 148	7 148	26 129	104 474	124 972	132 442
Remuneration of councillors		511	781	540	530	531	530	530	–	764	764	764	1 440	7 685	7 023	7 445
Bulk purchases - electricity		–	–	–	–	0	–	–	–	442	442	442	3 975	5 300	5 618	5 955
Inventory consumed		55	807	441	460	869	410	138	1 739	1 755	1 755	1 755	(4 747)	5 435	5 435	–
Debt impairment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation and amortisation		–	–	–	–	–	–	–	–	4 757	4 757	4 757	25 729	40 000	29 466	31 233
Interest		–	–	0	0	–	0	–	0	6 083	6 083	6 083	26 749	45 000	26 500	28 090
Contracted services		15	149	78	100	849	3 750	520	332	1 852	1 852	1 852	10 871	22 218	23 542	24 964
Transfers and subsidies		–	–	–	–	–	–	–	–	274	274	274	2 462	3 283	3 480	3 688
Irrecoverable debts written off		100	–	294	833	537	267	175	423	3 065	3 065	3 065	8 905	20 731	–	–
Operational costs		211	967	1 382	777	875	2 285	995	2 153	3 937	3 937	3 937	20 465	41 921	40 412	42 780
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	3	42	42	42	372	500	500	–
Total Expenditure		**8 313**	**12 615**	**7 262**	**11 286**	**16 911**	**16 469**	**6 339**	**4 650**	**30 118**	**30 118**	**30 118**	**122 350**	**296 547**	**266 946**	**276 598**
Surplus/(Deficit)		**52 326**	**7 589**	**7 810**	**6 005**	**202**	**38 154**	**10 886**	**12 645**	**279**	**279**	**279**	**(115 633)**	**20 580**	**(14 113)**	**(12 789)**
Transfers and subsidies - capital (monetary allocations)		–	294	82	1 096	1 693	3 763	250	61	2 294	2 294	2 294	25 646	39 766	42 513	47 022
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**52 326**	**7 883**	**7 892**	**7 101**	**1 895**	**41 917**	**11 136**	**12 706**	**2 573**	**2 573**	**2 573**	**(89 987)**	**60 346**	**28 400**	**34 233**

6.12. Appendix L: Conditional grant received Excluding MIG

CONDITIONAL GRANT DISCRIPTION	OPENING BALANCE	GRANTS RECEIVED	SPENDING	CLOSING BALANCE
Financial Management Grant (FMG)	0,61	3 000 000,00	(76 612,90)	2 923 387,71
Integrated National Electrification Programme (INEP)	2 342 695,72	-	-	2 342 695,72
Water Services Infrastructure Grants (WSIG)	397 579,36	-	(1 226 843,61)	(829 264,25)
GRANT TOTAL	**2 740 275,69**	**3 000 000,00**	**(1 303 456,51)**	**4 436 819,18**

6.13. Appendix M: Capital Expenditure- New and upgrade/renewal programmes: including MIG

Municipal Infrastructure Grant (MIG): Free State Province

MIG Implementation Plan 2023/2024

Mafube Local Municipality

MIG Reference No	Project Description	EPWP Y/N	Project Value	MIG Value	Expenditure as at 30 June 2023	Expenditure Balance as at 30 June 2023	Planned MIG Expenditure for 2023/2024	Status (Not Registered, Registered, Design & Tender, Construction, Retention, Completed)
	PMU	N	1 304 550,00	1 304 550,00	-	1 304 550,00	1 183 562,35	Operational
MIG/FS1251/W/18/19	*Qalabotjha/Villiers: Construction of a 6.5Ml concrete clean water reservoir and pipeline (Phase 2) (MIS:442941)*	N	27 692 579,76	27 692 579,76	16 518 847,39	11 173 732,37	8 752 587,30	Construction
MIG/FS1390/W/20/21	Namahadi: Construction of Water Pipeline from Water Purification Plant to the Reservoir (MIS:339245)	N	32 364 217,13	32 364 217,13	31 833 445,00	530 772,13	530 772,13	Completed
MIG/FS1399/CF/20/21	Qalabotjha/Villiers: Upgrading of sports ground (MIS:329260)	Y	1 903 871,54	1 903 871,54	1 377 037,38	526 834,16	-	Completed
MIG/FS1426/CF/22/2	*Namahadi: Upgrading of Sports Ground at Zomba – Phase 1 (MIS:380720)*	Y	1 434 328,44	1 434 328,44	-	1 434 328,44	115 462,94	Registered
MIG/FS1463/R,ST/22/22	*Namahadi: Construction of 0.7km paved road and storm water at Mposula, Mashego and Thadi streets*	Y	6 746 221,29	6 746 221,29	490 444,95	6 255 776,34	4 323 417,06	Construction
MIG/FS1464/R,ST/22/23	Qalabotjha: Construction of 0.993km paved road and storm water drainage (MIS:417184)	Y	7 576 251,66	7 576 251,66	-	7 576 251,66	-	Registered
MIG/FS1503/F/23/23	*Namahadi: Fencing of cemetery in Ward 6 (MIS:436805)*	Y	4 631 151,31	4 631 151,73	-	4 631 151,73	28 000,00	Registered
MIG/FS1572/W/24/26	Namahadi/Frankfort: Replacement of AC water pipelines with uPVC pipelines (Phase 1) (MIS:500948)	N	25 000 000,00	25 000 000,00	-	25 000 000,00	-	Registered
MIG/FS1593/W/24/25	Tweeling/Mafahlaneng: Drilling and equipping of 6 boreholes and refurbishment of 2 boreholes	Y	7 594 398,75	7 594 398,75		7 594 398,75	418 498,92	Registered
	Mafahlaneng/Tweeling: Construction of 5,5Ml clean water concrete Reservoir (MIS:476656)	N	*39 724 960,62*	*39 724 960,62*	-	39 724 960,62	-	Not Registered
	Qalabotjha/Villiers: Upgrading of sports ground - Phase 2	Y	1 434 328,44	1 434 328,44	-	1 434 328,44	-	Not Registered
	Namahadi: Upgrading of Sports Ground at Zomba – Phase 2	Y	1 410 000,00	1 410 000,00		1 410 000,00	-	Not Registered
	Cornelia/Ntswanatsatsi: Upgrading os Sports Ground - Phase 2	Y	1 717 500,00	1 717 500,00		1 717 500,00	-	Not Registered
	Emergency Projects		5 593 819,84	5 593 819,84	-	5 593 819,84	-	
	TOTALS		166 128 178,78	166 128 179,20	50 219 774,72	115 908 404,48	15 352 300,70	

6.14. Appendix N: Capital programme by project current year;

6.15. Appendix O: Capital programme by project by ward current year.

2023/2024 FY INTERVENTION PROJECTS				
Town	Project Name	Funding Agent	Impl Agent	Status
Cornelia Ward 1	Construction of outfall Sewer line in Cornelia	DWS	Vaal Central	Detailed Design
Cornelia Ward 1	Construction of 4,5ML/day Reservoir in Cornelia	DWS	Vaal Central	Progress is 10%. No work is happening onsite.
Frankfort All Wards in Frankfort	Extension of Namahadi Wastewater Treatment Works – Phase 2	RBIG	Rand Water	The contractor has been appointment to complete the project– 53%
Frankfort All Ward in Frankfort	Construction of new 12ML concrete reservoir in Namahadi	WSIG	Mafube LM	Under construction - 80% complete, The contractor is currently busy with the beams and the floors.

6.16. Appendix P: Service connection backlogs at schools and clinics

There is connection backlogs at school and clinics

Name of the Clinic	Meter Active or Inactive
Phahameng Clinic	Faulty Meter, Municipality is billing on average.
Philani Clinic	Faulty Meter, Municipality is billing on average.
Frankfort Clinic	Faulty Meter, Municipality is billing on average.
Tweeling Clinic	Faulty Meter, Municipality is billing on average.
Phekolong Clinic	Meter is functional
Phedisong Clinic	Meter is functional
Qalabotjha Clinic	Meter is functional
Villiers Clinic	Faulty Meter, Municipality is billing on average.

Name of the School	Meter Active or Inactive
Qalabotjha Secondary School	Meter is functional
Phomello Primary School	Meter is functional (borehole)
Mohlakeng Secondaty School	Faulty Meter, Municipality is billing on average.
Zamaleke Primary School	Meter is Functional
Retshedisitwse Secondary School	Meter is Functional
Villiers Combined School	Faulty Meter, Municipality is billing on average.
Tweeling Combined School	Faulty Meter, Municipality is billing on average.
Refeng - Thabo School	Faulty Meter, Municipality is billing on average.
Tshediso - Xolani School	Faulty Meter, Municipality is billing on average.
Bongani Lebohang School	Meter is functional
Ntswanatsatsi School	Meter is functional
Gugulethu Primary School	Faulty Meter, Municipality is billing on average.
Poelano Primary School	Faulty Meter, Municipality is billing on average.
Meduwang Primary School	Faulty Meter, Municipality is billing on average.
Falesizwe Secondary School	Faulty Meter, Municipality is billing on average.
Mfundo- Thuto Secondary School	Faulty Meter, Municipality is billing on average.

6.17. Appendix Q: Service backlogs experienced by the community where another sphere of governance is responsible for services

- Detailed List of RDP; progress report on Human settlement

Town	Number of applicants for residential erven (backlog)	Number of applicants for RDP houses (backlog)	Number of new allocations for RDP houses	Number of informal dwellers
Namahadi/Frankfort	Ward 02 - **324** Ward 05 - **90** Ward 06 - **289** Ward 07 – **582**	Ward 02 - **45** Ward 05 - **30** Ward 06 - **18** Ward 07 - **224**	Ward 02 - **41** Ward 05 - **7** Ward 06 - **17** Ward 07 - **379**	Ward 02 - **81** Ward 05 - **282** Ward 06 - **4** Ward 07 - **827** **NB: This numbers may change time totime**
Qalobotjha/Villiers	Ward 03 - **878** Ward 04 - **1656** Ward 09 - **1656**	Ward 03 - **60** Ward 04 - **220** Ward 09 - **70**	Ward 03 – **N/A** Ward 04 – **N/A** Ward 09 – **N/A**	Ward 03 - **144** Ward 04 - **1368** Ward 09 - **147**
Ntswanatsatsi/Cornelia	Ward 01 - **803**	Ward 01 - **943**	Ward 01 –N/A	Ward 01 -211
Mafahlaneng/Tweeling	Ward 08 - **1800**	Ward 08 - **200**	Ward 08 - **0**	Ward 08 - **01**

6.18. Appendix R: Declaration of loans and grants made by the municipality

- The Municipality did not incur any long term loans for the 2023 / 2024 financial period.
- No grants were made by the Municipality for the financial period under review.

6.19. Appendix S: Declaration of returns not made in due time under MFMA s71

There are no MFMA S71 Returns that were not done on time that were

6.20. Appendix T: National and Provincial outcomes for local government

National and Provincial outcomes for local government is identified in the IDP 2022-2027 under chapter 10. The Municipality is using the SDBIPas a monitoring tool to achieve on the national and provincial targets set to run up until 2030.

Key targets for the MTSF include the following:

- Increase in the percentage of households with access to a functional water service from 85% in 2013 to 90% by 2019.
- Increase in the percentage of households with access to a functional sanitation service from 84% in 2013 to 90% by 2019, includingelimination of bucket sanitation in the formal areas.
- 1.4 million additional households to be connected to the grid between 2014 and 2019, and 105 000 additional non-grid connections.
- Income support to the unemployed through expansion of the Community Work Programme to reach 1 million participants in 2019.
- An increase in the level of public trust and confidence in local government from 51% in 2012 to 65% in 2019, as measured by the IPSOS survey.
- An improvement in overall municipal audit outcomes, with at least 75% of municipalities receiving unqualified audits by 2019

MAFUBE LOCAL MUNICIPALITY
(Demarcation code: FS205)

7. *Chapter 8: AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024*

Index

Abbreviations used:

AO	Accounting Officer
ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
CFO	Chief Finance Officer
CLLR	Councilor
CPI	Consumer Price Index
CRC	Current Replacment Cost
DoRA	Division of Revenue Act
DTSL	Department of Transport, Safety and Liaison
DWS	Department of Water Affairs and Sanitation
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognized Accounting Practice
GLCCM	General Landfill Closure Costing Model
HDF	Housing Development Fund
IAS	International Accounting Standards
IDP	Integrated Development Plan
IRD	Initial Rate of Deposition
IPSAS	International Public Sector Accounting Standards
INEP	Intergrated National Electrification Programme
LFG	Landfill Gas
LG SETA	Local Government Sector Education Training Programme
LSA	Long Service Awards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MLCCM	Municipal Landfill Closure Costing Model
MPAC	Municipal Public Account Committee
mSCOA	Municipal Standard Chart of Accounts

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MSIG	Municipal Systems Improvement Grant
NERSA	National Energy Regulator of South Africa
PAYE	Pay-As-You-Earn
PEMA	Post-Employment Medical Aid Subsidy Liability
PPP's	Public Private Partnerships
RDP	Reconstruction and Development Programme
SALGA	South African Local Government Association
SARS	South African Revenue Service
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SDBIP	Service Delivery and Budget Implementation Plan
SDL	Skills Development Levy
SG	Surveyor-General
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation
WCA	Workers Compensation Administration

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Relevant Legislation:
Constitution of the Republic of South Africa (Act no 108 of 1996)
Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)

Mafube Local Municipality
(Demarcation code: FS205)
Audited Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).
Nature of business and principal activities	Mafube Local Municipality is local municipality performing functions as set out in the Constitution (Act no 105 of 1996). The municipality's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems (Act 32 of 2000) and various other acts and regulations.
Grading of municipal Council for the upper limits for Councillors	Low capacity municipality
Grading of remuneration of municipal manager and senior managers	Low capacity municipality
Accounting Officer	Adv. M.F Lepheana
Chief Finance Officer (CFO)	Ms D.T Tau Mr GA Mgcina (Acting Resigned Nov 2023)
Registered office	64 JJ Hadebe Street Frankfort Free State 9830
Postal address	PO Box 2 Frankfort Free State 9830
Bankers	ABSA Bank Limited FNB Bank Limited Standard Bank Limited
Auditors	Auditor General - South Africa
Attorneys	Peyper Attorneys Bokwa Attorneys Thoabala Attorneys
Level of assurance	These unaudited annual financial statements will be audited in compliance with the applicable requirements of the Municipal Finance Management Act, No 56 of 2003.
Email address	advlephe@gmail.com
Website	http://www.mafube.fs.gov.za/
Telephone number	058 813 1051/9700/9718

Members of the Municipal Council

Mayor	Cllr. TI Motsoeneng
Speaker	Cllr. MM Mofokeng
Ward Councillors	Cllr. TJ Kotsi
	Cllr. MP Mokoena
	Cllr. SB Ntuli
	Cllr. A Tsotetsi
	Cllr. MR Tsotetsi
	Cllr. TP Mashiloane
	Cllr. MA Tsubane
	Cllr. AN Molefe
	Cllr. SM Steyn
	Cllr. FA Tsotetsi
	Cllr. WBM Gumede
	Cllr. EM Maboya
	Cllr. JJ Kumbi
	Cllr. TBRJ Van Rensburg
	Cllr. JB Marais

Council Committees

Executive Committee

Chairperson:	Cllr. TI Motsoeneng
Members:	Cllr. J Kotsi
	Cllr. EM Maboya

Finance Committee

Chairperson:	Cllr. SB Ntuli
Members:	Cllr. M Mokoena
	Cllr. F Tsotetsi

Community Services Portfolio

Chairperson:	Cllr. N Molefe
Members:	Cllr. W Gumede
	Cllr. J Marais

Infrastructure Portfolio

Chairperson:	Cllr. Tsubane Moabi
Members:	Cllr. J Kumbi
	Cllr. T Van Rensburg

Corporate Services Portfolio

Chairperson:	Cllr. P Mashiloane
Members:	Cllr. J Marais
	Cllr. F Tsotetsi

Municipal Public Account Committee (MPAC)

Chairperson:	Cllr. M Tsotetsi
Members:	Cllr. S Steyn
	Cllr. T Van Rensburg

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited 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 audited annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

The annual financial statements are 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 municipality is very reliant on grants from National Treasury. Funding will be received from National Treasury as long as the municipality complies with all legislative requirements. The collection of outstanding consumer debtor accounts and effective service delivery is also a priority of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's management team ,external auditors and other oversight governance structures of Council.

The external auditors are responsible for independently reviewing and reporting on the municipality's audited annual financial statements.

Accounting Officer's Responsibilities and Approval

The accounting officer further certifies that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Goverment's determination in accordance with this Act.

The audited annual financial statements set out on page 13 - 124, which have been prepared on the going concern basis, were approved by the accounting officer and signed by him.

Adv. M.F Lepheana
Municipal Manager (Accounting Officer)
Mafube Local Municipality
20 March 2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

The municipality is engaged in performing functions as set out in the constitution (Act no 105 of 1996) and operates principally in South Africa.

The municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act: 1998 and operates in South Africa

The municipality is a South African catagory B.

The operating results and state of affairs of the municipality are fully set out in the attached audited annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was 149 203 937 (2023: deficit 662 035 577).

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of (23 378 554) and that the municipality's total assets exceed its liabilities by (23 378 554).

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officers' interest in contracts

The accounting officer does not have an interest in contracts awarded, either direct or indirect.

5. Accounting policies

The unaudited annual financial statements prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such statements issued by the Accounting Practices Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
Adv. MF Lepheana

Accounting Officer's Report

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at council meetings and monitor the municipality's compliance with the code on a quaterly basis.

The salient features of the municipality's adoption of the Code is outlined below:

8. Bankers

The municipality's primary bank account is with ABSA Bank Limited and FNB Bank Limited and the municipality will continue to bank with them in the new financial year.

9. Auditors

Auditor General - South Africa will continue in office for the next financial period.

10. Public Private Partnership

The municipality did not enter into any Public Private Partnerships for the financial year under review, nor does it have any existing PPP's

11. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Management Act (Act 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

Accounting Officer's Report

12. Municipal jurisdiction

Mafube Local Municipality have the following surrounding towns under its jurisdiction:

- Villiers
- Cornelia
- Frankfort
- Tweeling

Adv. M.F Lepheana
Municipal Manager (Accounting Officer)
Mafube Local Municipality
20 March 2025

Certification of Remuneration of Councillors

Declaration by the Accounting Officer

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 46470 dated 02/06/2022. This read with the Remuneration of Public Officer Bearers Act, Circular 14/2015 dated 27 March 2015 of SALGA, the Minister of Corporative Governance and Traditional Affair's determination in accordance with this Act and the approval letter received from the Minister of Corporative Governance, Human Settlements and Traditional Affair's on 3 April 2018.

Adv. M.F Lepheana
Municipal Manager (Accounting Officer)
Mafube Local Municipality
20 March 2025

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Assets			
Current Assets			
Cash and cash equivalents	4	1 287 313	7 993 750
Inventories	5	1 471 273	1 495 737
Other financial assets	6	378 458	301 258
Receivables from exchange transactions	7	37 008 196	36 102 243
Receivables from non-exchange transactions	8	3 104 196	3 552 633
VAT receivable	10	230 180 371	217 103 970
Total Current Assets		**273 429 807**	**266 549 591**
Non-Current Assets			
Other financial assets	6	222 213	258 351
Heritage assets	12	35 758	35 758
Investment property	13	44 812 264	46 365 656
Property, plant and equipment	14	1 069 956 840	1 148 866 688
Total Non-Current Assets		**1 115 027 075**	**1 195 526 453**
Total Assets		**1 388 456 882**	**1 462 076 044**
Liabilities			
Current Liabilities			
Consumer deposits	15	1 843 090	1 781 886
Employee benefit obligation	16	999 768	1 717 314
Payables from exchange transactions	17	1 160 335 023	1 095 766 462
Provisions	18	4 385 788	3 922 676
Unspent conditional grants and receipts	19	9 898 270	20 511 292
VAT payable	11	163 454 201	145 591 430
Total Current Liabilities		**1 340 916 140**	**1 269 291 060**
Non-Current Liabilities			
Employee benefit obligation	16	12 109 291	11 085 396
Provisions	18	58 810 005	55 874 206
Total Non-Current Liabilities		**70 919 296**	**66 959 602**
Total Liabilities		**1 411 835 436**	**1 336 250 662**
Net Assets		**(23 378 554)**	**125 825 382**
Accumulated surplus		(23 378 554)	125 825 382
Total Net Assets		**(23 378 554)**	**125 825 382**

Statement of Financial Performance for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Revenue			
Revenue from exchange transactions			
Interest income	20	72 300 645	55 040 541
Operational revenue	22	6 365 311	8 646 957
Prescribed revenue	23	-	812 400
Rental of facilities and equipment	24	868 252	615 152
Service charges	25	88 092 888	79 965 543
Total revenue from exchange transactions		**167 627 096**	**145 080 593**
Revenue from non-exchange transactions			
Taxation revenue			
Interest - Taxation revenue	21	9 840 338	6 900 483
Property rates	26	30 574 653	25 358 136
Transfer revenue			
Fines, Penalties and Forfeits	27	1 850	142 500
Government grants and subsidies	28	146 450 022	163 110 356
Public contributions and donations	29	3 277 581	12 785 526
Department of Water and Sanitation billing adjustment	31	82 154 265	-
Total revenue from non-exchange transactions		**272 298 709**	**208 297 001**
Total revenue		**439 925 805**	**353 377 594**
Expenditure			
Bulk purchases	30	(37 693 344)	(29 421 849)
Debt impairment	32	(187 535 111)	(658 142 048)
Depreciation and amortisation	33	(62 757 408)	(67 903 211)
Employee related costs	34	(109 439 922)	(109 824 347)
Finance costs	35	(86 939 886)	(67 388 549)
General expenses	36	(64 360 838)	(71 591 491)
Remuneration of councillors	37	(6 678 265)	(6 349 850)
Total expenditure		**(555 404 774)**	**(1 010 621 345)**
Operating deficit		**(115 478 969)**	**(657 243 751)**
Loss on disposal of assets and liabilities	14	(6 256 661)	(454 434)
Actuarial gains	16	(236 545)	1 925 320
Fair value adjustments	39	(1 553 391)	864 522
Reversal of impairments/(Impairment loss)	38	(25 625 990)	(7 375 245)
Inventories losses/write-downs		(52 381)	248 011
Deficit for the year		**(149 203 937)**	**(662 035 577)**

Statement of Changes in Net Assets for the year ended 30 June 2024

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	250 431 234	250 431 234
Adjustments		
Prior year adjustments 45	537 429 725	537 429 725
Balance at 01 July 2022 as restated*	**787 860 959**	**787 860 959**
Changes in net assets		
Deficit for the year	(662 035 577)	(662 035 577)
Total changes	(662 035 577)	(662 035 577)
Opening balance as previously reported	135 310 209	135 310 209
Adjustments		
Prior year adjustments 45	(9 484 826)	(9 484 826)
Restated* Balance at 01 July 2023 as restated*	**125 825 383**	**125 825 383**
Changes in net assets		
Deficit for the year	(149 203 937)	(149 203 937)
Total changes	(149 203 937)	(149 203 937)
Balance at 30 June 2024	**(23 378 554)**	**(23 378 554)**

Note(s)

Cash Flow Statement for the year ended 30 June 2024

Figures in Rand	Note(s)	2024	2023 *Restated**
Cash flows from operating activities			
Receipts			
Taxation		40 863 428	51 557 153
Sale of goods and services		254 240 128	655 899 017
Grants		135 837 000	164 163 000
Interest income		698 416	558 374
		431 638 972	872 177 544
Payments			
Employee costs		(86 575 704)	(106 655 113)
Suppliers		(351 266 204)	(758 185 452)
		(437 841 908)	(864 840 565)
Net cash flows from operating activities	41	**(6 202 936)**	**7 336 979**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(1 201 844)	(1 324 566)
Proceeds from sale of property, plant and equipment	14	739 400	-
Proceeds from sale of financial assets		(41 062)	(23 421)
Net cash flows from investing activities		**(503 506)**	**(1 347 987)**
Net increase/(decrease) in cash and cash equivalents		**(6 706 442)**	**5 988 992**
Cash and cash equivalents at the beginning of the year		7 993 750	2 004 758
Cash and cash equivalents at the end of the year	4	**1 287 308**	**7 993 750**

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2024

Budget on Cash 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						
Interest received - investment	45 305 042	10 039 000	**55 344 042**	72 300 645	**16 956 603**	Note 60.4
Other income - (rollup)	-	-	**-**	6 365 311	**6 365 311**	Note 60.3
Rental of facilities and equipment	6 891 834	228 122	**7 119 956**	868 252	**(6 251 704)**	Note 60.2
Service charges	73 414 138	18 674 015	**92 088 153**	88 092 888	**(3 995 265)**	Note 60.1
Total revenue from exchange transactions	**125 611 014**	**28 941 137**	**154 552 151**	**167 627 096**	**13 074 945**	
Revenue from non-exchange transactions						
Taxation revenue						
Interest - Taxation revenue	-	-	**-**	9 840 338	**9 840 338**	Note 60.6
Property rates	25 077 836	5 212 732	**30 290 568**	30 574 653	**284 085**	
Transfer revenue						
Fines, Penalties and Forfeits	130 925	(127 754)	**3 171**	1 850	**(1 321)**	Note 60.9
Government grants and subsidies	132 281 000	-	**132 281 000**	131 522 000	**(759 000)**	Note 60.7
Public contributions and donations	-	-	**-**	3 277 581	**3 277 581**	Note 60.8
Department of Water and Sanitation billing adjustment	-	-	**-**	82 154 265	**82 154 265**	Note 60.10
Total revenue from non-exchange transactions	**157 489 761**	**5 084 978**	**162 574 739**	**257 370 687**	**94 795 948**	
Total revenue	**283 100 775**	**34 026 115**	**317 126 890**	**424 997 783**	**107 870 893**	

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
Expenditure						
Bad debts written off	(9 264 735)	(11 466 619)	**(20 731 354)**	(3 402 600)	**17 328 754**	Note 60.18
Bulk purchases	(10 734 500)	-	**(10 734 500)**	(37 693 344)	**(26 958 844)**	Note 60.19
Debt impairment	-	-	**-**	(184 132 511)	**(184 132 511)**	Note 60.17
Depreciation and amortisation	(27 797 679)	(12 202 321)	**(40 000 000)**	(62 757 408)	**(22 757 408)**	Note 60.14
Employee related costs	(117 872 735)	13 398 939	**(104 473 796)**	(109 439 922)	**(4 966 126)**	Note 60.11
Finance costs	(25 000 000)	(20 000 000)	**(45 000 000)**	(86 939 886)	**(41 939 886)**	Note 60.16
General expenses	(60 336 230)	(3 803 427)	**(64 139 657)**	(64 360 838)	**(221 181)**	
Remuneration of councillors	(6 625 780)	(1 058 916)	**(7 684 696)**	(6 678 265)	**1 006 431**	Note 60.12
Other Losses	(500 000)	-	**(500 000)**	-	**500 000**	Note 60.13
Transfers and Subsidies	45 228 437	(8 745 000)	**36 483 437**	14 928 022	**(21 555 415)**	Note 60.20
Total expenditure	**(212 903 222)**	**(43 877 344)**	**(256 780 566)**	**(540 476 752)**	**(283 696 186)**	
Operating deficit	**70 197 553**	**(9 851 229)**	**60 346 324**	**(115 478 969)**	**(175 825 293)**	
Actuarial gains	-	-	**-**	(236 545)	**(236 545)**	Note 60.42
Fair value adjustments	-	-	**-**	(1 553 391)	**(1 553 391)**	Note 60.22
Loss on disposal of assets and liabilities	-	-	**-**	(6 256 661)	**(6 256 661)**	Note 60.21
Impairment loss/ Reversal of impairments	-	-	**-**	(25 625 990)	**(25 625 990)**	Note 60.15
Inventories losses/write-downs	-	-	**-**	(52 381)	**(52 381)**	Note 60.23
	-	**-**	**-**	**(33 724 968)**	**(33 724 968)**	
Surplus/(deficit) for the year	**70 197 553**	**(9 851 229)**	**60 346 324**	**(149 203 937)**	**(209 550 261)**	

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						
Cash and cash equivalents	57 173 443	-	**57 173 443**	1 287 313	**(55 886 130)**	Note 60.28
Inventories	477 164	-	**477 164**	1 471 273	**994 109**	Note 60.24
Other financial assets	-	-	**-**	378 458	**378 458**	Note 60.25
Receivables from exchange transactions	51 303 745	-	**51 303 745**	37 008 196	**(14 295 549)**	Note 60.26
Receivables from non-exchange transactions	(25 598 856)	-	**(25 598 856)**	3 104 196	**28 703 052**	Note 60.27
Total current assets	**83 355 496**	**-**	**83 355 496**	**43 249 436**	**(40 106 060)**	
Non-Current Assets						
Heritage assets	35 757	-	**35 757**	35 758	**1**	
Intangible assets	2 500 000	(1 500 000)	**1 000 000**	-	**(1 000 000)**	Note 60.31
Investment property	76 875 883	-	**76 875 883**	44 812 264	**(32 063 619)**	Note 60.29
Other financial assets	444 500	-	**444 500**	222 213	**(222 287)**	Note 60.32
Property, plant and equipment	959 511 826	-	**959 511 826**	1 069 956 840	**110 445 014**	Note 60.30
Total non-current assets	**1 039 367 966**	**(1 500 000)**	**1 037 867 966**	**1 115 027 075**	**77 159 109**	
Total Assets	**1 122 723 462**	**(1 500 000)**	**1 121 223 462**	**1 158 276 511**	**37 053 049**	
Liabilities						
Current Liabilities						
Consumer deposits	565 972	-	**565 972**	1 843 090	**1 277 118**	Note 60.34
Employee benefit obligation	-	-	**-**	999 768	**999 768**	Note 60.35
Payables from exchange transactions	(20 295 366)	-	**(20 295 366)**	1 160 335 024	**1 180 630 390**	Note 60.33
Provisions	2 433 393	-	**2 433 393**	4 385 788	**1 952 395**	Note 60.37
Unspent conditional grants and receipts	13 658 100	-	**13 658 100**	9 898 270	**(3 759 830)**	Note 60.36
VAT payable	4 206 011	-	**4 206 011**	-	**(4 206 011)**	
Total current liabilities	**568 110**	**-**	**568 110**	**1 177 461 940**	**1 176 893 830**	

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
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	12 109 291	**12 109 291**	Note 60.39
Provisions	14 497 266	-	**14 497 266**	58 810 005	**44 312 739**	Note 60.40
Total non-current liabilities	**14 497 266**	**-**	**14 497 266**	**70 919 296**	**56 422 030**	
Total Liabilities	**15 065 376**	**-**	**15 065 376**	**1 248 381 236**	**1 233 315 860**	
Net Assets	**1 107 658 086**	**(1 500 000)**	**1 106 158 086**	**(90 104 725)**	**(1 196 262 811)**	
Net Assets						
Accumulated surplus	**1 107 658 086**	**(1 500 000)**	**1 106 158 086**	**(23 378 554)**	**(1 129 536 640)**	Note 60.41

Refer to note 59 for budget difference deviations.

The accounting policies on pages 21 to 49 and the notes on pages 50 to 124 form an integral part of the audited annual financial statements.

Accounting Policies for the year ended 30 June 2024

1. Significant accounting polices

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

1.1 Basis of preparations

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

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

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. The amounts disclosed in the annual financial statements are rounded-off to the nearest Rand.

1.3 Going concern assumption

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

1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

When the final accounts have been closed, any transaction that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statements are amended with transactions that are material in amount or by nature.

1.5 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. Significant judgements include:

1.5 Significant judgements and sources of estimation uncertainty (continued)

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 municipality 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 payment rate basis per consumer. The payment rate is calculated on the total payments received per consumer in the current year, and then divided by the total revenue billed per consumer for the current year. The percentage is then converted to a non payment ratio. The non payment ratio is then multiplied with the consumers total outstanding balance. The movement between a consumers yearly impairment balance are accounted through profit and loss in the statement of financial performance.

Allowance for slow moving, damaged and obsolete stock

Management’s judgement is required when determining the write down of stock to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the inventory note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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

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.

Provisions

Management’s judgement is required when recognising and measuring provisions, contingent liabilities and contingent assets. Additional disclosure of these estimates of provisions are included in note 18.

Useful lives of infrastructure and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and Investment properties. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that a depreciating asset is nearing the end of its useful life, the availability of budget to replace the asset is considered. If the asset is not budgeted to be replaced, the useful life is extended by one year. Depreciation is adjusted going forward.

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 16.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The municipality used the most relevant contractual risk rate applicable where relevant to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Allowance for impairment

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.

Recognition and Derecognition of Land

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follow (IGRAP 18 par. 41):

- Land controlled by the municipality as a result of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use, the land and also by the right to direct access to the land and to restrict or deny access of others to the land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow (IGRAP 18 par. 41):

- Land not controlled by the municipality as a result of a past event and from which future economic benefit or service potential will not flow to the municipality. The municipality does not have the ability to use or direct others to use the land. The municipality does not have rights to direct access to the land and to restrict or deny access of others to the land. There are various housing scheme land where the municipality is still the legal owner per the deeds office, but where control and substantive rights were not transferred. These land are not recognised by the municipality.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Segment reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

The municipality does not disclose the geographical areas in which it operates as it is not relevant for decision-making purposes.

In applying GRAP 18 Segment Reporting, management makes judgements with regard to the identification of reportable segments of the municipality in a manner consistent with the internal reporting provided to management.

Measurement

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

Interest on exchange and non exchange assets

In applying GRAP 104, GRAP 9 and GRAP 23 interest earned should be split based on the nature of the source of revenue, i.e., exchange and non-exchange. The financial system calculates interest on total debt outstanding monthly (Total balance due less interest charged not settled). Therefor interest is billed on total due (capital only amount). Management therefor to comply with the split on exchange and non-exchange calculates the total debt outstanding per source of revenue and then uses that to split interest earned between exchange and non-exchange transactions.

1.6 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 fair value. 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.

1.6 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 municipality 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 municipality 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.

Revenue earned from rental of investment property is disclosed as part of rental of facilities and equipment and are thus not disclosed separately, as they are not material. Expenses in respect of investment property are disclosed as other expenditure and not disclosed separately as they are not material.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the audited annual financial statements (see note 13). Cost incurred to repair and maintain investment property comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the audited annual financial statements (see note 13). All investment property under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.

1.7 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

1.7 Property, plant and equipment (continued)

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.

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

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

Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Immovable assets		
Buildings	Diminishing balance method	15 - 50 years
Community	Diminishing balance method	15 - 50 years
Infrastructure - Electricity network	Diminishing balance method	15 - 50 years
Infrastructure - Roads network	Diminishing balance method	15 - 50 years
Infrastructure - Solid waste network	Diminishing balance method	15 - 50 years
Infrastructure - Water network	Diminishing balance method	15 - 80 years
Land	Diminishing balance method	Indefinite
Landfill Sites	Diminishing balance method	4 - 49 years
Movable assets		
Computer equipment	Diminishing balance method	5 - 15 years
Furniture and fixtures	Diminishing balance method	5 - 15 years
Motor vehicles	Diminishing balance method	5 - 15 years
Plant and machinery	Diminishing balance method	5 - 20 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.

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.

1.7 Property, plant and equipment (continued)

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 14). The expenditure to repair and maintain property, plant and equipment comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

1.8 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.

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

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.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 12). Cost incurred to repair and maintain heritage assets comprises of goods and services and contracted services. These costs excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12). Heritage Assets under construction are carried at cost. All assets under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.

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.

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial. Heritage assets are considered to have indefinite useful lives.

Accounting Policies

1.9 Heritage assets (continued)

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). The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value and is recognised in the statement of financial performance

1.10 Financial instruments

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

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.

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 municipality’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 municipality 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 municipality 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 municipality; or

1.10 Financial instruments (continued)

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

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 municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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 municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 municipality 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 municipality'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 municipality.

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 municipality 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 municipality 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
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Consumer deposits	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.

Accrued interest

Accounting Policies

1.11 Statutory receivables (continued)

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
- 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.

1.11 Statutory receivables (continued)

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 municipality's incremental borrowing rate.

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.

The depreciation policy for depreciable leased assets is consistent with the normal depreciation policy for similar assets.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 comprise current assets held for sale, consumption or distribution during the ordinary course of business. 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.

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. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventories are manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing, construction or production process.

1.13 Inventories (continued)

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. 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;

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

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

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

The cost of inventories 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.

Water Inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.14 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by surveys of work done.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

1.14 Construction contracts and receivables (continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.16 Impairment of cash and non-cash-generating assets

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

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

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

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.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash generating assets, are as follows:

- None of the assets are managed with the objective of generating positive cash flows are expected to be significantly higher than the cost of the asset; and

- Although certain services assets generate positive cash flows, these are used for cross subsidisation of services assets that generate negative cash flows.

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.

1.16 Impairment of cash and non-cash-generating assets (continued)

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 municipality 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.

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:

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.

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.

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

1.16 Impairment of cash and 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.

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.

1.17 Employee benefits

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

The municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which a municipality 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. The contributions to fund obligations for the payment of retirement benefits are charged against the statement of financial performance in the year in which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued based on the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sumpayments are charged against the statement of financial performance in the year in which they become payable.

1.17 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; 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 municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
• as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise 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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality provides long-service awards to eligible employees, after completion of every five years' service and the liability thereof is based on an actuarial valuation. The projected unit credit method has been used to value the obligation.

Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

Post-employment benefits

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

The municipality provides post-retirement benefits by subsidising the medical healthcare contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past, or accrued and future in-service element. The liability is recognised at the fair value of the obligation, together with any adjustments required. The projected unit credit method has been used to value the obligation. Refer to note 16.

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 recognise 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 recognise 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

1.17 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 recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

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 recognise past service cost as an expense in the reporting period in which the plan is amended.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity’s informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity’s informal practices would cause unacceptable damage to its relationship with employees.

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

Any adjustments arising from the limit above is recognised in surplus or deficit.

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;
• actuarial gains and losses;
• past service cost; and
• the effect of any curtailments or settlements.

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.

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.

Accounting Policies

1.17 Employee benefits (continued)

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.

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

Accounting Policies

1.18 Provisions and contingencies (continued)

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

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 1.16 .

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.

1.19 Commitments

Capital commitments disclosed in the annual financial statements represent the contractual balance committed to capital projects on reporting date that will incurred in the period subsequent to the specific reporting date. The municipality discloses capital commitments inclusive of VAT.

1.20 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. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

1.20 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest

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.

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

1.21 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.

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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.

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.

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.

Taxes

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

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

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

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

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

1.21 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.

Unconditional Grants

Equitable share allocations are recognised in revenue in the beginning of the financial year.

Conditional Grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Availability charges

The municipality recognise revenue for charges billed to consumers for all vacant or undeveloped land that has been serviced. These properties are not connected to the municipal infrastructure, but can be reasonably be connected to the service.

Availability charges arise from the application of the approved tariff of charges and is recognised when the the asset recognition criteria is met.

Fines

Availability charges arise from the application of the approved tariff of charges and is recognised when the the asset recognition criteria is met.

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.

Assets arising from fines are initially measured at its fair value at the date of acquisition, which is the best estimate of the inflow of economic benefits. The probability of non-payment is not considered at initial recognition.

The non-payment of traffic fines is estimated at subsequent measurement with reference to historical data and payment trend analysis. An impairment loss is recognised in surplus and deficit.

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.

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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.

Unallocated deposit

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the municipality’s bank account will be treated as revenue. This policy is in line with prescribed debt principles as enforced by the law.

1.22 Investment income

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

1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Change in accounting policy due to amendments to GRAP 5 - Borrowing costs

The adoption of amendments to GRAP 5 - Borrowing costs resulted in a change in accounting policy during the current period. The effect of the change is that borrowing costs are now expensed when incurred, and this change is applied prospectively since 2017/07/01. The effective date of the amendments was 2020/04/01.

Borrowing costs, incurred both before and after the effective date of this amendment and related to qualifying assets for which the commencement date for capitalisation is prior to the effective date of this Standard, is recognised in accordance with the municipality's previous accounting policy.

1.24 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

1.24 Accounting by principals and agents (continued)

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.26 Unauthorised expenditure

Unauthorised expenditure is defined as any expenditure incurred by a municipality not in accordance with section 15 or 11(3) of the MFMA, and includes an overspending of the total amount appropriated in the municipality's approved budget, an overspending of the total amount appropriated for a vote in the approved budget, an expenditure from a vote unrelated to the department or functional area covered by the vote, an expenditure of money appropriated not in accordance for that specific purpose, a spending of an allocation not in accordance with any conditions of the allocation, or a grant made by the municipality not in accordance with the MFMA.

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

1.27 Fruitless and wasteful expenditure

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

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

Fruitless and wasteful expenditure is disclosed inclusive of VAT.

1.28 Irregular expenditure

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

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is disclosed exclusive of VAT.

1.29 Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with Council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.30 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.31 Segment information

A segment is an activity of an entity:
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.

1.32 Budget information

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The approved budget is prepared on an accrual basis and presented in accordance with the GRAP reporting framework.

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 accounting basis and for the same municipality and same period but not on the same classification basis therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.32 Budget information (continued)

The Statement of comparative and actual information has been included in the annual financial statements based on the prescribed budget schedules using tables B1, B4, B6 and B7.

1.33 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.

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.

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 audited annual financial statements.

1.34 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.

1.35 Change on accounting policies estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective in accordance with the requirements of GRAP 3.

Accounting Policies

1.36 Bad debts written off

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the debt provision account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.37 Value Added Tax

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax.

- Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and

- Receivables and payables that are stated with the amount VAT included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.38 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:

- The cash which backs up the liability is invested until it is utilised,
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the unspent conditional grant into the Statement of Financial Performance as revenue.

Notes to the Audited Annual Financial Statements for the year ended 30 June 2024

Figures in Rand	2024	2023

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	01 April 2025	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2025	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Cash and cash equivalents	1 287 313	1 287 313
Receivables from exchange transactions	37 008 196	37 008 196
	38 295 509	**38 295 509**

Financial liabilities

	At amortised cost	Total
Consumer deposits	1 843 090	1 843 090
Payables from exchange transactions	1 160 335 023	1 160 335 023
	1 162 178 113	**1 162 178 113**

3. Financial instruments disclosure (continued)

2023

Financial assets

	At amortised cost	Total
Cash and cash equivalents	7 993 750	7 993 750
Receivables from exchange transactions	36 102 243	36 102 243
	44 095 993	**44 095 993**

Financial liabilities

	At amortised cost	Total
Consumer deposits	1 781 886	1 781 886
Payables from exchange transactions	1 095 766 462	1 095 766 462
	1 097 548 348	**1 097 548 348**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Bank balances	307 881	474 647
Short-term deposits	979 432	7 519 103
	1 287 313	**7 993 750**

	2024	2023
The total amount of undrawn facilities available for future operating activities and commitments	1 287 313	7 993 750
	1 287 313	**7 993 750**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Current accounts						
ABSA Bank - Cheque Account - 4052823517	183 526	351 641	25 797	308 609	474 293	148 350
First National Bank - ChequeAccount - 62817361679	(728)	355	(222)	(728)	355	(222)
Short-term Investments						
ABSA Bank - Call Account - 9090111270	1 026	2 251	972 770	1 026	2 251	972 770
ABSA - Call Account - 9229618782	1 140	1 993 483	11 210	1 140	1 993 483	11 210
ABSA Bank - Call Account - 9232387538	1 028	2 771	611	1 028	2 771	611
First National Bank - CallAccount - 62817394901	880 543	879 974	871 667	880 543	879 974	871 667
First National Bank - CallAccount - 62850214778	17 749	4 640 625	372	17 749	4 640 625	372
Standard Bank - 08 882 956 1 - 003	3 443	-	-	3 443	-	-
Standard Bank - 08 882 956 1 - 001	74 504	-	-	74 504	-	-
Total	**1 162 230**	**7 871 100**	**1 882 205**	**1 287 313**	**7 993 751**	**2 004 758**

5. Inventories

	2024	2023
Consumable stores	734 520	903 572
Water for distribution	736 753	592 165
	1 471 273	**1 495 737**

Water for distribution

	2024	2023
Opening balance	592 165	430 116
Water Purchased	30 579 814	28 058 278
Chemicals used in purification	5 541 071	6 387 153
Cost of water sold	(36 120 885)	(34 445 431)
Inventories adjustment / movement	144 589	162 048
Closing balance	**736 753**	**592 165**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

6. Other financial assets

At amortised cost		
VKB Agriculture Limited - Member Funds	222 213	258 351
The member funds arises from awards earned by members based on purchases. Awards do not earn interest or dividends and have a 15 year maturity life and are then transferred to the security member loan.		
VKB Agriculture Limited - Membership	84 335	84 335
The membership deposit was paid to open a trading account and become a member. The receivable do not earn interest nor dividends and is repayable when membership is cancelled.		
VKB Agriculture Limited - Security member loan	133 863	82 199
When the member fund awards mature after 15 years it is transferred to the member loan account. The loan serves as security against the trading account. The loan is payable on demand after settling any outstanding balance on the trading account.		
VKB Agriculture Limited - Short term member loan	160 260	134 724
The member loan bears interest and is available on demand.		
	600 671	**559 609**

Non-current assets		
At amortised cost	222 213	258 351
Current assets		
At amortised cost	378 458	301 258
	378 458	**301 258**

Figures in Rand	2024	2023

7. Receivables from exchange transactions

	2024	2023
Gross balances		
Other receivables - Overpayment of Salaries	4 320 330	4 320 330
Other receivable - Rural Maintenance	25 223 542	21 210 013
Sundry debtors	(45 532)	167 337
Other debtors	8 800	8 800
Consumer debtors - Electricity	6 425 004	6 160 520
Consumer debtors - Water	493 841 495	419 382 541
Consumer debtors - Sewerage	319 917 956	273 875 722
Consumer debtors - Refuse	209 364 784	175 909 608
Consumer debtors - Sundry	27 086 748	22 338 941
	1 086 143 127	**923 373 812**

	2024	2023
Less: Allowance for impairment		
Other receivables - Overpayment of Salaries	(1 923 791)	(1 923 791)
Consumer debtors - Electricity	(6 297 461)	(6 071 213)
Consumer debtors - Water	(488 139 494)	(411 460 436)
Consumer debtors - Sewerage	(317 772 320)	(271 438 623)
Consumer debtors - Refuse	(208 210 061)	(174 570 040)
Consumer debtors - Sundry	(26 791 804)	(21 807 466)
	(1 049 134 931)	**(887 271 569)**

	2024	2023
Net balance		
Other receivables - Overpayment of Salaries	2 396 539	2 396 539
Other receivable - Rural Maintenance	25 223 542	21 210 013
Sundry debtors	(45 532)	167 337
Other debtors	8 800	8 800
Consumer debtors - Electricity	127 543	89 307
Consumer debtors - Water	5 702 001	7 922 105
Consumer debtors - Sewerage	2 145 636	2 437 099
Consumer debtors - Refuse	1 154 723	1 339 568
Consumer debtors - Sundry	294 944	531 475
	37 008 196	**36 102 243**

	2024	2023
Electricity		
Current (0 -30 days)	47 122	42 599
31 - 60 days	23 571	21 300
61 - 90 days	23 571	21 300
91 - 120 days	23 571	21 300
120+ Days	6 307 170	6 054 021
Impairment	(6 297 461)	(6 071 213)
	127 543	**89 307**

Figures in Rand	2024	2023

7. Receivables from exchange transactions (continued)

Water		
Current (0 -30 days)	14 870 594	15 165 690
31 - 60 days	9 944 763	10 754 470
61 - 90 days	6 780 640	16 136 576
91 - 120 days	7 815 719	9 741 203
120+ Days	454 429 778	367 584 602
Impairment	(488 139 494)	(411 460 436)
	5 702 001	**7 922 105**

Sewerage		
Current (0 -30 days)	8 485 183	7 337 663
31 - 60 days	4 159 434	3 608 158
61 - 90 days	4 151 580	3 588 304
91 - 120 days	4 118 284	3 564 119
120+ Days	299 003 474	255 777 477
Impairment	(317 772 320)	(271 438 623)
	2 145 636	**2 437 099**

Refuse		
Current (0 -30 days)	6 066 135	6 017 856
31 - 60 days	2 981 197	2 493 342
61 - 90 days	2 972 216	2 477 133
91 - 120 days	2 945 784	2 459 361
120+ Days	194 399 453	162 461 916
Impairment	(208 210 061)	(174 570 040)
	1 154 723	**1 339 568**

Sundry debtors		
Current (0 -30 days)	892 488	753 341
31 - 60 days	426 137	365 800
61 - 90 days	424 230	361 778
91 - 120 days	418 608	359 565
120+ Days	24 925 286	20 498 457
Impairment	(26 791 804)	(21 807 466)
	294 944	**531 475**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

7. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Residential / Consumers		
Current (0 -30 days)	30 361 523	29 317 149
31 - 60 days	17 535 103	17 243 070
61 - 90 days	14 352 237	22 585 091
91 - 120 days	15 321 965	16 145 548
120+ Days	979 065 160	812 376 474
	1 056 635 987	897 667 331
Less: Allowance for impairment	(1 047 211 140)	(885 347 777)
	9 424 847	**12 319 554**

Total		
Current (0 -30 days)	30 361 523	29 317 149
31 - 60 days	17 535 103	17 243 070
61 - 90 days	14 352 237	22 585 091
91 - 120 days	15 321 965	16 145 548
120+ Days	979 065 160	812 376 474
	1 056 635 987	897 667 331
Less: Allowance for impairment	(1 047 211 141)	(885 347 777)
	9 424 847	**12 319 554**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(887 271 569)	(255 350 102)
Contributions to allowance	(159 939 572)	(631 921 467)
	(1 047 211 140)	**(887 271 569)**

Receivables from exchange transactions pledged as security

No Trade and other receivables from exchange transactions were pledged as security.

Credit quality of trade and other receivables from exchange

The credit quality of trade and other receivables from exchange transactions that are neither past due nor due nor impaired can be assessed by reference to historical trends and other available information. Althought credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Fair value of receivables from exchange transactions		
Trade and other receivables from exchange	37 008 195	36 102 244

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

8. Receivables from non-exchange transactions

Gross balances		
Property rates	132 069 352	110 248 640
Less: Allowance for impairment		
Property rates	(128 965 156)	(106 696 007)
Net balance		
Property rates	3 104 196	3 552 633
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	-	-
Government grants and subsidies	-	-
Property rates	3 104 196	3 552 633
	3 104 196	**3 552 633**
Total receivables from non-exchange transactions	**3 104 196**	**3 552 633**
Property rates		
Current (0 -30 days)	5 931 487	5 464 781
31 - 60 days	2 669 597	2 270 004
61 - 90 days	2 629 396	2 208 422
91 - 120 days	2 676 820	2 174 720
120+ Days	118 162 052	98 130 713
Impairment	(128 965 156)	(106 696 007)
	3 104 196	**3 552 633**

Figures in Rand	2024	2023

8. Receivables from non-exchange transactions (continued)

Summary of debtors by customer classification

Residential / Consumers		
Current (0 -30 days)	5 931 487	5 464 781
31 - 60 days	2 669 597	2 270 004
61 - 90 days	2 629 396	2 208 422
91 - 120 days	2 676 820	2 174 720
120+ Days	118 162 052	98 130 713
	132 069 352	110 248 640
Less: Allowance for impairment	(128 965 156)	(106 696 007)
	3 104 196	**3 552 633**

Total		
Current (0 -30 days)	5 931 487	5 464 781
31 - 60 days	2 669 597	2 270 004
61 - 90 days	2 629 396	2 208 422
91 - 120 days	2 676 820	2 174 720
120+ Days	118 162 052	98 130 713
	132 069 352	110 248 640
Less: Allowance for impairment	(128 965 156)	(106 696 007)
	3 104 196	**3 552 633**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(106 696 007)	(73 894 748)
Contributions to allowance	(22 269 149)	(32 801 259)
	(128 965 156)	**(106 696 007)**

Receivables from non-exchange transactions pledged as security

No Trade and other receivables from non-exchange transactions were pledged as security.

Credit quality of trade and other receivables from non-exchange

The credit quality of trade and other receivables from non-exchange transactions that are neither past due nor due nor impaired can be assessed by reference to historical trends and other available information. Althought credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Fair value of receivables from non-exchange transactions		
Trade and other receivables from non-exchange	3 104 196	3 552 633

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

9. Statutory receivables

The municipality had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Statutory receivables included in the Statement of Financial Position under VAT Receivable

VAT (Payable) / Receivable		

Statutory receivables included in the Statement of Financial Position under Receivables from non-exchange transactions

Property rates	3 104 196	3 552 633
	3 104 196	**3 552 633**

Provision for impairment included under receivables from non-exchange transactions:

Property rates	(128 965 156)	(106 696 007)
	(128 965 156)	**(106 696 007)**

Factors the entity considered in assessing statutory receivables impaired

A payment ratio analysis report was drawn in order to establish the payment percentage per type of debtor. This payment percentage was used to impair these statutory receivables.

Statutory receivables general information

Transaction(s) arising from statute

Property rates related transactions arise in terms of the Municpal Property Rates Act, 6 of 2004, Municipal Finance Management Act, 56 of 2003, as well as the Property Rates Policy of the municipality approved by Council as part of the Budget Process.

Traffic fines arise from the National Road Traffic Act 93 of 1996, National Road Traffic Regulations 2000, National Land Transport Act 5 of 2009 and Criminal Procedure Act 51 of 1971. Prosecutor performs prosecutorial functions in terms of a general delegation awarded by the National Prosecuting Authority and is subject to the control of theControl Prosecutor at the Magistrate's Court.

Government grants related transactions arise in terms of the applicable annual Division of Revenue Act Bill as well as the relevant Provincial Gazette.

VAT transactions arise from the Value Added Tax Act 89 of 1991. VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.

Interest or other charges levied/charged

Interest or other charges levied on Property rates balances are in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003."Interest" means a charge levied, on all arear accounts calculated at an interest rate which is one percent higher than the prime interest rate.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

9. Statutory receivables (continued)

Traffic fines: Additional charges includes contempt of court fees/ warrant of arrest fee determined in terms of the Criminal Procedure Act.

The rates and interest charges are determined by the Value Added Tax Act 89 of 1991.

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

The basis used to assess Property Rates receivables is to look at the extent to which debtors on an individual basis defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

The basis used to assess Traffic fine receivables is to look at the extent to which debtors per group of fines (Municipal fines, Provincial fines) defaulted on payments already due and an assessment of their ability to make payments based on their historical trend.

Each individual Grant is assessed for collectability in line with the legislative prescripts or contract arrangements that relates to the specific grant.

No impairment on VAT Receivable, balance expected to be fully recoverable.

Discount rate applied to the estimated future cash flows

The discount rate applied for all types of Statutory receivables mentioned above is based on the average rate of investments. This rate is seen as risk free as the amount to be paid in interest and capital amount is guaranteed by the Investment institution.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

10. VAT receivable

VAT Input Accrual	230 180 371	217 103 970

VAT Receivable and VAT Payable are exchange transactions

Only once payment is received from debtors or payments made to suppliers the VAT is paid over to or claimed from the South African Revenue Service (SARS).

VAT meets the definition of a statutory receivable as per the accounting policy. For statutory receivable information regarding VAT refer to note 9.

VAT is (payable)/receivable on the cash basis.

11. VAT payable

VAT Control	21 163 742	17 626 797
VAT Output Accrual [on Receivables]	142 290 459	127 964 633
	163 454 201	**145 591 430**

VAT Receivable and VAT Payable are exchange transactions.

Only once payment is received from debtors or payments made to suppliers the VAT is paid over to or claimed from the South African Revenue Service (SARS).

VAT is (payable)/receivable on the cash basis.

Notes to the Audited Annual Financial Statements

Figures in Rand

12. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Jewellery	35 758	-	35 758	35 758	-	35 758

Reconciliation of heritage assets 2024

	Opening balance	Total
Mayoral Jewellery	35 758	35 758

Reconciliation of heritage assets 2023

	Opening balance	Total
Mayoral Jewellery	35 758	35 758

Pledged as security

Heritage assets has not been pledged as security.

13. Investment property

	2024 Fair Value	2023 Fair Value
Investment property	44 812 264	46 365 656
Total	**44 812 264**	**46 365 656**

Reconciliation of investment property - 2024

	Opening balance	Transfers from Zero Value Register	Transfers to Zero Value Register	Fair value adjustments	Total
Investment property	46 365 656	98 405	(1 883 626)	231 828	44 812 264
	46 365 656	**98 405**	**(1 883 626)**	**231 828**	**44 812 264**

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	45 501 134	864 522	46 365 656
	45 501 134	**864 522**	**46 365 656**

Pledged as security

No investment properties has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

13. Investment property (continued)

Details of valuation

The effective date of the revaluations was 30 June 2024. Revaluations were performed by Municipex (Pty) Ltd. Mr PH Venter was the valuer at Municipex (Pty) Ltd to perform the valuations. Mr Venter is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 7428, a member of the SA Institute of Valuers and has the appropriate experience in performing valuation of investment properties.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on replacement costs.

These assumptions are based on current market conditions.

Legal ownership

.16 The right to direct access to land, and to restrict or deny the access of others to land .20 In assessing whether the rights that have been granted to an entity in a binding arrangement result in control of the land, it is important to distinguish between substantive rights and protective rights. Only substantive rights are considered in assessing whether an entity controls land.

.18 Legal ownership refers to the owner being the registered title deed holder of the land. Legal ownership also arises where the land is transferred from the legal owner to another entity or party, through legislation or similar means. For example, when a change in ownership is recorded by way of an endorsement on the existing title deed, rather than a formal transfer or change in ownership reflected on the title deed. References to legal owner or legal ownership in this Interpretation include both situations.

.19 In the absence of an entity demonstrating that it has granted the right to direct access to and restrict or deny access of others to the land to another entity, the legal owner controls the land as it retains the right to direct access to land, and to restrict or deny the access of others to land. The legal owner is thus able to demonstrate both criteria in paragraph.

.21 Substantive rights grant the entity the ability to make decisions about, and benefit from, certain rights and assets, such as how to use the land to provide services, and when to dispose of the land, to whom and at what price. For the right to be substantive, the holder of the right must have the present ability to exercise that right.

The accounting for land is based on the rights that an entity is presently able to exercise in terms of its ownership of the land or other rights granted in terms of a binding arrangement.

Derecognise

The invasion of land may be an illegal act. Although the illegal occupants may have certain rights, these rights do not supersede or eliminate the entity’s currently exercisable rights in terms of its legal ownership of the land. Land ownership means that the entity has substantive rights to direct or restrict access to the economic benefits or service associated with the land. The fact that the entity may not execute these rights because of political, socio-economic or other factors, is irrelevant in establishing whether control exists for accounting purposes. An entity would need to assess if its ownership rights are subsequently changed through another legal action, such as the outcome of a court process such as the outcome of court case, court order, etc. The illegal occupation of land may indicate that an impairment loss should be recognised. An entity should apply the principles in either GRAP 21 or GRAP 26 when these occupations occur (and throughout their duration).

Notes to the Audited Annual Financial Statements

Figures in Rand

14. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Immovable assets						
Landfill site asset	44 005 960	(17 389 160)	26 616 800	44 992 837	(15 015 454)	29 977 383
Buildings	113 877 237	(56 306 205)	57 571 032	113 879 060	(38 866 598)	75 012 462
Community	75 600 749	(45 900 102)	29 700 647	75 600 749	(35 762 909)	39 837 840
Infrastructure - Electricity network	169 806 359	(81 843 279)	87 963 080	180 272 315	(81 362 373)	98 909 942
Infrastructure - Road network	183 466 963	(99 528 571)	83 938 392	183 503 800	(91 303 582)	92 200 218
Infrastructure - Water network	229 641 006	(72 494 963)	157 146 043	232 768 942	(60 583 840)	172 185 102
Land	159 836 898	-	159 836 898	159 836 898	-	159 836 898
Infrastructure - Wastewater network	579 927 255	(187 323 598)	392 603 657	584 303 308	(164 789 573)	419 513 735
Work in Progress	63 774 617	-	63 774 617	47 519 968	-	47 519 968
Movable assets						
Computer equipment	1 713 456	(1 318 252)	395 204	2 075 098	(1 597 387)	477 711
Motor vehicles	19 622 520	(11 052 152)	8 570 368	27 757 632	(16 644 627)	11 113 005
Office equipment	1 127 937	(773 269)	354 668	1 131 801	(761 666)	370 135
Plant and machinery	4 229 317	(2 743 883)	1 485 434	4 493 064	(2 580 775)	1 912 289
Total	**1 646 630 274**	**(576 673 434)**	**1 069 956 840**	**1 658 135 472**	**(509 268 784)**	**1 148 866 688**

Notes to the Audited Annual Financial Statements

Figures in Rand

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Work in Progress - Additions	Other changes, movements	Depreciation	Impairment loss	Total
Immovable assets								
Landfill site asset	29 977 383	-	-	-	(986 877)	(2 373 706)	-	26 616 800
Buildings	75 012 462	19 379	(13 642)	-	-	(3 842 507)	(13 604 660)	57 571 032
Community	39 837 840	-	-	-	-	(2 744 122)	(7 393 071)	29 700 647
Infrastructure - Electricity Network	98 909 942	-	(2 901 228)	-	-	(6 485 213)	(1 560 421)	87 963 080
Infrastructure - Road network	92 200 218	-	(9 335)	-	-	(8 203 240)	(49 251)	83 938 392
Infrastructure - Water network	172 185 102	284 920	(1 686 881)	-	-	(11 671 869)	(1 965 229)	157 146 043
Land	159 836 898	-	-	-	-	-	-	159 836 898
Infrastructure - Wastewater network	419 513 735	-	(783 331)	-	-	(25 614 106)	(512 641)	392 603 657
Work-in-Progress	47 519 968	-	-	16 254 649	-	-	-	63 774 617
Movable assets								
IT equipment	477 711	145 888	(74 510)	-	-	(109 501)	(44 384)	395 204
Motor vehicles	11 113 005	686 627	(1 431 417)	-	-	(1 404 427)	(393 420)	8 570 368
Office equipment	370 135	33 600	(7 402)	-	-	(39 552)	(2 113)	354 668
Plant and machinery	1 912 289	31 430	(88 315)	-	-	(269 165)	(100 805)	1 485 434
	1 148 866 688	**1 201 844**	**(6 996 061)**	**16 254 649**	**(986 877)**	**(62 757 408)**	**(25 625 995)**	**1 069 956 840**

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Work in Progress - Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Immovable assets										
Landfill site asset	31 198 891	-	-	-	-	1 101 920	(2 323 428)	-	-	29 977 383
Buildings	77 267 563	5 850	-	-	923 307	-	(4 078 867)	(71 649)	966 258	75 012 462
Community	41 000 029	-	(6 847)	-	1 088 978	-	(2 936 465)	(600 879)	1 293 024	39 837 840
Infrastructure - Electricity network	99 451 140	-	(67 248)	-	10 516 911	-	(7 018 817)	(4 018 427)	46 383	98 909 942
Infrastructure - Road network	101 309 277	-	-	-	-	-	(9 089 503)	(27 402)	7 846	92 200 218
Infrastructure - Water network	181 330 550	1 084 483	(130 372)	-	3 093 715	-	(12 513 735)	(860 608)	181 069	172 185 102
Land	159 836 898	-	-	-	-	-	-	-	-	159 836 898
Infrastructure - Wastewater network	451 923 632	-	(102 176)	-	-	-	(27 619 949)	(4 917 800)	230 028	419 513 735
Work-in-Progress	19 675 015	-	-	39 539 595	(11 694 642)	-	-	-	-	47 519 968
Movable assets										
IT equipment	618 698	8 150	(9 757)	-	-	-	(162 784)	(8 420)	31 824	477 711
Motor vehicles	12 650 909	-	(107 729)	-	-	-	(1 800 276)	(158 578)	528 679	11 113 005
Office equipment	357 462	41 340	(4 830)	-	-	-	(34 165)	(2 399)	12 727	370 135
Plant and machinery	2 085 159	184 743	(25 474)	-	-	-	(325 222)	(47 766)	40 849	1 912 289
	1 178 705 223	**1 324 566**	**(454 433)**	**39 539 595**	**3 928 269**	**1 101 920**	**(67 903 211)**	**(10 713 928)**	**3 338 687**	**1 148 866 688**

Pledged as security

There are no property, plant and equipment pledged as security for overdraft facilities.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

14. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure - Road network	3 435 634	1 320 420
Community	243 123	-
Infrastructure - Electricity network	7 222 062	5 187 894
Infrastructure - Water network	52 873 799	41 011 654
	63 774 617	**47 519 968**

Notes to the Audited Annual Financial Statements

Figures in Rand

14. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Opening balance	Additions / capital expenditure	Total
Infrastructure - Road network	1 320 420	2 115 214	3 435 634
Community	-	243 123	243 123
Infrastructure - Electricity network	5 187 894	2 034 168	7 222 062
Infrastructure - Water network	41 011 654	11 862 144	52 873 799
	47 519 968	**16 254 649**	**63 774 618**

Reconciliation of Work-in-Progress 2023

	Opening balance	Additions / capital expenditure	Transferred to repairs and maintenance	Transferred to completed items	Total
Infrastructure - Road network	-	1 320 420	-	-	1 320 420
Community	126 110	1 051 519	(88 651)	(1 088 978)	-
Infrastructure - Electricity network	7 865 976	6 668 485	(537 685)	(8 808 881)	5 187 894
Infrastructure - Water network	11 682 930	30 478 216	(1 149 491)	-	41 011 654
	19 675 015	**39 518 639**	**(1 775 828)**	**(9 897 859)**	**47 519 968**

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		
General expenses	3 713 639	4 532 528

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.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

15. Consumer deposits

Water	1 843 090	1 781 886
	1 843 090	**1 781 886**

No guarantees held in lieu of electricity and water deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding accounts.

No interest accrues on consumer deposits.

16. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Non-current employee benefits		
Post-Retirement Medical Aid benefits	5 743 679	5 376 187
Long-service awards benefits	6 365 612	5 709 209
	12 109 291	**11 085 396**
Current employee benefits		
Post-Retirement Medical Aid benefits	625 476	610 991
Long-service awards benefits	374 292	1 106 323
	999 768	**1 717 314**
Total employee benefits		
Post-Retirement Medical Aid benefits	6 369 155	5 987 178
Long-service awards benefits	6 739 904	6 815 532
	13 109 059	**12 802 710**

Non-current liabilities	12 109 291	11 085 396
Current liabilities	999 768	1 717 314
	13 109 059	**12 802 710**

Figures in Rand	2024	2023

16. Employee benefit obligations (continued)

Post employment health care benefits

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. The plan is treated as a defined benefit plan under GRAP 25. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by D T Mureriwa of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2024	2023
Continuation members (Retirees)	13	14
In service employees (Non-members)	125	116
Total members	**138**	**130**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas

Hosmed

Samwumed

The liability in respect of past service has been estimated as follow:

	2024	2023
Continuation members (Retirees)	6 369 155	5 987 178
Total liability	**6 369 155**	**5 987 178**
Non-current	5 743 679	5 376 187
Current	625 476	610 991
	6 369 155	**5 987 178**

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Rates of interest	2024	2023
Discount rate	10.89 %	11.23 %
Health care cost inflation rate	6.66 %	7.19 %
Net effective discount rate	3.97 %	3.77 %

Normal retirement age

The average retirement age for all active employees was assumed to be 65 years.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

16. Employee benefit obligations (continued)

Amounts recognised in the statement of financial position

The amounts recognised in the statement of financial position is as follows:

	2024	2023
Present value of unfunded obligations	**6 369 155**	**5 987 178**

Net expense recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:		
Current service cost	-	-
Interest cost	638 271	665 241
Actuarial (gain) recognised in the year	354 697	(57 217)
	992 968	**608 024**

Movements in the present value of the defined benefit obligation		
Opening balance	5 987 178	5 954 172
Current service cost	-	-
Interest cost	638 271	665 241
Actual employer benefit payments	(610 991)	(575 018)
Actuarial (gain) recognised in the year	354 697	(57 217)
Present value of fund obligation at the end of the year	**6 369 155**	**5 987 178**

Amounts for the current and previous four periods are as follows:

Present value of unfunded defined benefit	
2024	6 369 155
2023	5 987 178
2022	5 954 172
2021	7 998 709
2020	7 740 719

Sensitivity analysis on Medical inflation rate

Assumption	Change	Total	% change
Interest cost	1 %	690 966	8.26 %
Interest cost	-1 %	591 013	-7.40 %

Sensitivity analysis on Discount rate

Assumption	Change	Total	% change
Interest cost	1 %	648 854	1.66 %
Interest cost	-1 %	625 071	-2.07 %

16. Employee benefit obligations (continued)

Discount rate: GRAP25 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 of the obligation.The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2023 the duration of liabilities was 6.72 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 10.89% per annum, and the yield on the inflation-linked bonds of a similar term was about 4.97% per annum, implying an underlying expectation of inflation of 5.16% per annum ([1 + 10.89% - 0.5%] / [1 + 5.16%] - 1).A healthcare cost inflation rate of 6.66% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.97% per annum ([1 + 10.89%] / [1 + 6.66%] - 1). This year's valuation basis is consistent with the previous year's basis from a discount rate perspective.

Mortality Rates

PA (90) - 2 with a 1% mortality improvement per annum from the year 2010.

Continuation of Membership

With the appointment of 1 Pangaea Expertise and Solutions Pty (Ltd) for the year ending 30 June 2024.

The table below summarises the accrued liabilities and the plan assets for the current period and the previous four periods:

Liability History	2024/06/30	2023/06/30	2022/06/30	2021/06/30	2020/06/30
Accrued Liability	(6 369 155)	5 987 178	(5 954 172)	(7 998 709)	(7 740 719)
Surplus / (Deficit)	**6 369 155**	**(5 987 178)**	**5 954 172**	**7 998 709**	**7 740 719**

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	2024/06/30	2023/06/30	2022/06/30	2021/06/30	2020/06/30
Liabilities: (Gain) / Loss	354 697	(57 217)	(1 993 937)	348 028	688 252
	354 697	**(57 217)**	**(1 993 937)**	**348 028**	**688 252**

Long-service awards benefits

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by 1 Pangaea Expertise and Solutions Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 322 (2023: 327) employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

	2024	2023
Discount rate	10.28 %	10.60 %
General Salary inflation	5.77 %	6.32 %
Net effective discount rate	4.26 %	4.03 %

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

16. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follow:		
Present value of unfunded obligations	6 739 904	6 815 532

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance are as follow:		
Current service cost	484 844	601 496
Interest cost	664 003	747 806
Actuarial losses / (gains) recognised	(118 152)	(1 868 103)
Total expense included in employee related costs	**1 030 695**	**(518 801)**

Opening balance	6 815 532	7 882 906
Current service cost	484 844	601 496
Interest cost	664 003	747 806
Actual employer benefit payments	(1 106 323)	(548 573)
Actuarial loss/ (gain) recognised in the year	(118 152)	(1 868 103)
	6 739 904	**6 815 532**

Liability History	**2024/06/30**	**2023/06/30**	**2022/06/30**	**2021/06/30**	**2020/06/30**
Accrued Liability	(6 739 904)	(6 815 532)	(7 882 906)	(7 172 479)	(6 033 539)
Surplus / (Deficit)	**6 739 904**	**6 815 532**	**7 882 906**	**7 172 479**	**6 033 539**

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	**2024/06/30**	**2023/06/30**	**2022/06/30**	**2021/06/30**	**2020/06/30**
Liabilities: (Gain) / Loss	(118 152)	(1 868 103)	(321 541)	(1 127 776)	50 721
	118 152	**1 868 103**	**321 541**	**1 127 776**	**(50 721)**

17. Payables from exchange transactions

AGSA	13 914 453	11 878 481
Accrued bonus	2 720 063	2 697 493
Accrued leave pay	12 369 963	9 331 807
Bulk electricty	125 245 351	124 038 538
Bulk water	521 543 050	516 249 163
Insurance contributions not yet paid over	3 593 039	1 954 317
Medical aid contributions not yet paid over	2 864 568	3 000 346
PAYE contributions not yet paid over	4 149 663	(10 110)
Payments received in advanced - contract in process	10 796 617	5 670 235
Pensions contributions not yet paid over	239 703 912	213 705 897
Retentions	8 407 207	7 061 720
SDL contributions not yet paid over	289 264	70 658
Salaries accrued for(only paid after year end)	6 157 612	10 838 982
Trade payables	204 438 403	185 682 856
UIF contributions not yet paid over	468 235	109 340
Unallocated receipts and deposits	72 402	42 879
Unions & maintenance contributions not yet paid over	3 601 221	3 443 860
	1 160 335 023	**1 095 766 462**

Figures in Rand	2024	2023

17. Payables from exchange transactions (continued)

Fair value of trade and other payables

Trade payables	1 160 335 023	1 095 766 462
	1 160 335 023	**1 095 766 462**

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30-day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice / statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

Refer to note 45 for prior period corrections made to Payables from exchange transactions.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Change in provision	Finance cost	Total
Rehabilitation of landfill site	59 796 882	(986 877)	4 385 788	63 195 793
	59 796 882	**(986 877)**	**4 385 788**	**63 195 793**

Reconciliation of provisions - 2023

	Opening Balance	Change in provision	Finance cost	Total
Rehabilitation of landfill site	54 772 286	1 101 920	3 922 676	59 796 882
	54 772 286	**1 101 920**	**3 922 676**	**59 796 882**

	2024	2023
Non-current liabilities	58 810 005	55 874 206
Current liabilities	4 385 788	3 922 676
	63 195 793	**59 796 882**

Environmental rehabilitation provision

The provision is made in terms of the municipality's licensing stipulations on the landfill waste sites.

Mafube Local Municipality consists of four (4) towns (Frankfort, Tweeling, Villiers and Cornelia). Frankfort, Tweeling, Villiers and Cornelia are located in an area of agricultural significance and Frankfort is the central business district of Mafube Local Municipality. Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation types are planted tostabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

Figures in Rand	2024	2023

18. Provisions (continued)

Key cost parametres:

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 at 30 June 2024 was 12.40% p.a.. The consumer price inflation of 5.10% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).

Consumer price inflation (C) 5.10% (2023: 5.40%)

Discount rate (D) 12.40% (2023: 12.31%)

Net discount rate 6.94% (2023: 6.56%)

	Opening balance	Change inprovision	Utilised during the year	Finance cost	Total
Frankfort	14 672 331	(81 230)	-	1 088 139	15 679 240
Tweeling	17 390 604	(425 094)	-	1 265 212	18 230 722
Villiers	18 898 653	(252 811)	-	1 390 524	20 036 366
Cornelia	8 835 293	(227 740)	-	641 913	9 249 465
	59 796 882	(986 877)	-	4 385 788	63 195 793

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2024	2023
Unspent conditional grants and receipts		
Water Services Infrastructure Grant	5 271 328	9 780 484
Municipal Infrastructure Grant	4 626 942	7 035 627
Integrated National Electrification Programme	-	3 695 181
	9 898 270	**20 511 292**

Movement during the year

	2024	2023
Balance at the beginning of the year	20 511 293	19 458 649
Additions during the year	26 585 000	57 260 000
Income recognition during the year	(37 198 023)	(56 207 356)
	9 898 270	**20 511 293**

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.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See reconciliation of grants from National/Provincial Government note 28 and for public contributions note 29

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

20. Interest income (Exchange transactions)

Interest income		
Bank accounts	698 416	558 374
Receivables from exchange transactions	71 602 229	54 482 167
	72 300 645	**55 040 541**

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 14 120 781 (2023: R15 536 548).

21. Interest income (Non-exchange transactions)

Receivables from non-exchange transactions	9 840 338	6 900 483
	9 840 338	**6 900 483**

22. Operational revenue

Cemetery Fees	450 024	504 219
Clearance certificate	27 439	27 416
Tender deposits	143 872	72 531
Recoveries	2 002 665	5 070 801
Building Fees	71 169	65 017
Meter Reading Fees	17	148
Sale of Sand	53 604	37 182
Royalties	3 490 025	2 252 464
Administrative Fees	36 523	9 730
Camping Fees	3 550	2 437
Connection Fees	49 171	560 905
Valuation services	37 252	44 107
	6 365 311	**8 646 957**

The amounts disclosed above for Operational revenue are in respect of services rendered, other than described in note: 24 and 25 which are billed to or paid for by the users of the services as required according to approved tariffs.

23. Prescribed revenue

Prescribed revenue	-	812 400
	-	**812 400**

Prescribed revenue is revenue written off that has exceeded the period of 3 years, for example unallocated deposits (Debit and credits) which the debtor has not claimed the deposit or payment within the allocated timeframe.

Debtors with credit balances where no movement occurred for a long period of time have been written off to prescribed revenue.

24. Rental of facilities and equipment

Premises		
Rental from fixed property	868 252	615 152
	868 252	**615 152**
	868 252	**615 152**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

25. Service charges

Sale of electricity - Conventional	4 314	-
Sale of water - Conventional	46 382 549	46 691 214
Sewerage and sanitation charges	22 135 306	16 054 846
Refuse removal	19 570 719	17 219 483
	88 092 888	**79 965 543**

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariffs.

26. Property rates

Rates received

Property rates	10 937 287	5 138 987
Commercial	16 074 262	17 385 403
Small holdings and farms	3 563 104	2 833 746
	30 574 653	**25 358 136**

Valuations

Residential	1 572 261 000	1 571 661 000
Commercial properties	408 062 500	406 077 500
Municipal	51 276 900	51 776 900
Small holdings and farms	3 631 037 000	3 630 537 000
Government buildings	71 221 000	71 821 000
Public buildings	111 880 000	113 865 000
	5 845 738 400	**5 845 738 400**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to consider any changes in individual property values, due to amendments. 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.

Municipal valuation threshold value

On qualifying residential properties, property owners will receive a rebate up to a maximum value of R120 000, which amount includes a value of R15 000 as per Section 17(1)(h) of the Local Government: All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The maximum amount is determined as R20 000.The impermissible rates of R15 000 contemplated in terms of Section 17(1)(h) of the Act and the R5 000 is a council reduction. The remaining R100 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's Indigent Policy.

Other rebates

Taking into account the effects of rates on PBO's performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No. 58 of 1962) for tax reduction because of those activities, Public Benefit Organisations may apply for the exemption of property rates. Any other exclusions or exemptions have been granted in accordance with the Local Government: Municipal Property Rates Act, No. 6, 2004.

27. Fines, Penalties and Forfeits

Municipal Traffic Fines	1 850	142 500
	1 850	**142 500**

Figures in Rand	2024	2023

28. Government grants and subsidies

Operating grants		
Equitable share	127 852 000	118 903 000
Expanded Public Works Programme Integrated Grant	570 000	-
Local Government Finacial Management Grant	3 100 000	3 100 000
	131 522 000	**122 003 000**
Capital grants		
Municipal Infrastructure Grant	5 903 685	21 148 271
Water Services Infrastructure Grant	6 909 156	12 735 794
Integrated National Electrification Programme	2 115 181	7 223 291
	14 928 022	**41 107 356**
	146 450 022	**163 110 356**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	18 598 022	44 207 356
Unconditional grants received	127 852 000	118 903 000
	146 450 022	**163 110 356**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and the day to day running of the municipality.

Municipal Infrastructure Grant

Balance unspent at beginning of year	7 035 627	11 100 479
Current-year receipts	10 495 000	23 929 000
Conditions met - transferred to revenue	(5 903 685)	(21 148 271)
Municipal Infrastructure Grant Rollover of 2022/23 denied witheld from Equitable share in 2023/24	(7 000 000)	(6 845 580)
	4 626 942	**7 035 627**

Conditions still to be met - remain liabilities see note 19

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

28. Government grants and subsidies (continued)

Integrated National Electrification Programme

Balance unspent at beginning of year	3 695 181	1 793 526
Current-year receipts	420 000	10 231 000
Conditions met - transferred to revenue	(2 115 181)	(7 223 291)
Integrated National Electrification Programme Rollover of 2021/22 denied witheld from Equitable share in 2022/23	(2 000 000)	(1 106 054)
	-	**3 695 181**

Conditions still to be met - remain liabilities see note 19

Local Government Finacial Management Grant

Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(3 100 000)	(3 100 000)
	-	**-**

Expanded Public Works Programme Integrated Grant

Current-year receipts	570 000	-
Conditions met - transferred to revenue	(570 000)	-
	-	**-**

Water Services Infrastructure Grant

Balance unspent at beginning of year	9 780 484	6 564 644
Current-year receipts	12 000 000	20 000 000
Conditions met - transferred to revenue	(6 909 156)	(12 735 794)
Water Services Infrastructure Grant Rollover of 2022/23 denied witheld from Equitable share in 2023/24	(9 600 000)	(4 048 366)
	5 271 328	**9 780 484**

Conditions still to be met - remain liabilities see note 19

29. Public contributions and donations

Property, plant and equipment	-	5 705 274
Other Public contribution	3 277 581	7 080 252
	3 277 581	**12 785 526**

30. Bulk purchases

Water	37 693 344	29 421 849
	37 693 344	**29 421 849**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

31. Department of Water and Sanitation billing adjustment

Billing adjustment of DWS	82 154 265	-
	82 154 265	**-**

In the current financial year, the municipality derecognized a liability amounting to R 82 154 265 inclusive of VAT related to a previously recorded obligation to the Department of Water and Sanitation. This amount provided by the department that was written off in full. The gain from the derecognition is recognized as income in accordance with GRAP 23 and GRAP 104.

32. Debt impairment

Contributions to debt impairment provision	184 132 511	653 342 911
Bad debts written off	3 402 600	4 799 137
	187 535 111	**658 142 048**

33. Depreciation and amortisation

Property, plant and equipment	62 757 408	67 903 211

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Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

34. Employee related cost

Senior Management Costs

Annual Remuneration	1 660 268	2 769 619
Car Allowance	121 563	336 532
Contributions to UIF, Medical and Pension Funds	6 522	19 272
	1 788 353	**3 125 423**

Municipal staff costs

Acting allowances	2 151 967	1 703 696
Basic salaries and wages	65 679 433	64 434 931
Bonus	5 655 276	5 548 954
Car allowance	8 322 934	7 601 524
Cellphone Allowance	90 400	98 400
Defined contribution plans	10 555 867	11 114 983
Employee benefit obligation	(1 232 470)	(522 095)
Housing allowances	586 474	612 910
Leave pay provision charge	4 165 846	5 182 745
Medical aid - company contributions	4 412 874	3 908 933
Other payroll levies	72 952	74 453
Overtime payments	4 091 705	3 968 581
Skills development levy	883 543	831 463
Standby Allowance	1 554 732	1 490 482
UIF contributions	660 036	648 964
Total for municipal staff	**107 651 569**	**106 698 924**
Total Employee related cost	**109 439 922**	**109 824 347**

Senior management costs breakdown

Remuneration of Municipal Manager - LJ Ralebenya

Basic Salary	-	451 183
Contribution to pension fund, UIF, SDL	-	6 598
Allowances	-	148 000
	-	**605 781**

The contract of the Municipal Manager Mr LJ Ralebenya ended in October 2022.

Provincial CoGTA seconded Advocate Lepheane from July 2023 until end of June 2024.

Remuneration of Chief Finance Officer - DT Tau

Basic Salary	430 996	-
Travel allowance	121 563	-
Contribution to pension fund, UIF, SDL	6 522	-
	559 081	**-**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

34. Employee related cost (continued)

Remuneration of Acting Chief Finance Officer - GA Mgcina

Acting Allowance	158 802	407 958
	158 802	**407 958**

Mr GA Mgcina was appointed as Acting CFO from July 2023 until Nov 2023.

Remuneration of Acting Director Planning & Infrastructure - N Radebe

Acting Allowance	471 833	449 029

Ms N Radebe was appointed as Acting Director Planning & Infrastructure from July 2023 to end of June 2024

Remuneration of Director Planning & Infrastructure - DL Ramabitsa

Annual Remuneration	-	249 651
Contributions to UIF, Medical and Pension Funds	-	2 957
Allowances	-	32 235
	-	**284 844**

Mr DL Ramabitsa resigned end of July 2022

Remuneration of Director Community Service - ZE Mofokeng

Annual Remuneration	-	563 425
Contributions to UIF, Medical and Pension Funds	-	9 718
Allowances	-	302 105
	-	**875 249**

The contract of Ms ZE Mofokeng ended in February 2023.

Remuneration of Acting Director Community Service - TE Nxayi

Acting allowance	124 144	-

Remuneration of Acting Director Corporate Service - I Ngozo

Acting allowance	-	335 132
	-	**335 132**

Mr I Ngozo was appointed as Acting Director Corporate Services from July 2022 to mid March 2023.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

34. Employee related cost (continued)

Remuneration of Acting Director Corporate Service - DC Madibo

Acting allowance	474 493	167 431

Me DC Madibo was appointed as Acting Director Corporate Services from mid March 2023 to June 2024.

35. Finance costs

Fair value adjustments: Notional interest	4 385 788	3 922 676
Other interest paid	1 302 274	1 413 047
Trade and other payables	81 251 824	62 052 826
	86 939 886	**67 388 549**

36. General expenses

Advertising	841 598	671 321
Auditors remuneration	985 626	6 490 642
Bank charges	325 380	458 970
Community development and training	327 520	68 234
Consulting and professional fees	13 992 084	14 679 534
Consumables	8 342 581	8 077 726
Bursaries	30 058	111 144
Burial expenses	52 000	12 143
Fuel and oil	2 311 805	3 025 664
Hire	9 615 361	10 114 758
IT expenses	22 051	3 421 986
Insurance	2 996 063	2 661 867
Motor vehicle expenses	38 600	229 462
Municipal Services - Electricity & Water	16 963 445	12 954 620
Printing and stationery	532 481	848 877
Repairs and maintenance	3 713 639	4 532 528
Security (Guarding of municipal property)	-	112 500
Staff welfare	57 806	3 434
Subscriptions and membership fees	7 371	14 938
Telephone and fax	2 449 072	2 320 337
Travel - local	573 811	576 638
Uniforms	182 486	204 168
	64 360 838	**71 591 491**

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Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

37. Remuneration of councillors

Mayor	967 204	914 702
Executive committee	814 088	770 025
Speaker	797 684	732 534
Councillors	4 099 289	3 932 589
	6 678 265	**6 349 850**

Mayor

Councillor remuneration	725 620	717 917
Telephone allowance	3 770	3 600
Travel allowance	228 691	184 726
Contributions to Medical, Pension Funds, Skills and UIF	9 123	8 460
	967 204	**914 702**

Executive committee

Councillor remuneration	607 494	570 672
Telephone allowance	7 540	7 200
Travel allowance	191 374	185 049
Contributions to Medical, Pension Funds, Skills and UIF	7 681	7 104
	814 088	**770 025**

Speaker

Councillor remuneration	588 145	527 990
Telephone allowance	3 770	3 600
Travel allowance	182 953	176 907
Contributions to Medical, Pension Funds, Skills and UIF	22 816	24 036
	797 684	**732 534**

Councillors

Councillor remuneration	3 424 914	3 347 942
Telephone allowance	49 010	51 440
Travel allowance	482 777	405 780
Contributions to Medical, Pension Funds, Skills and UIF	142 588	127 427
	4 099 289	**3 932 589**

In-kind benefits

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

Additional information

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

37. Remuneration of councillors (continued)

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Refer to note 44 for details breakdown of remuneration of councillors under the related parties note.

38. Reversal of impairments/(Impairment loss)

	2024	2023
Impairments		
Property, plant and equipment	(25 625 990)	(10 713 930)
An 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.		
Infrastructure assets - GRAP 26.(23) states: In assessing whether there is anyindication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:		
(g) - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. Due to significant budget constraints, the municipality could not maintain the maintenance plan as required for the infrastructure assets. This lead to the value in use being lower than the economic value of the assets. Assets were therefore impaired to a condition grade lower based on physical assessment of these assets.		
Land - IGRAP 18 indicates that land is recognised based on control. Control of land is evidenced by the following criteria: (a) legal ownership; and/or (b) the right to direct access to land, and to restrict or deny the access of others to land. During the prior year it was identified that control over land has been lost. The most significant part of this was rural development for housing. As the land was not yet transferred to the legal new owners name, the land was impaired.		
	(25 625 990)	**(10 713 930)**
Reversal of impairments		
Property, plant and equipment	-	3 338 685
Repairs and additions to the network assets resulted in previous conditions of assets to improve, thus a reversal of impairments.		
Total impairment losses reversed / (recognised)	**(25 625 990)**	**(7 375 245)**

The main classes of assets affected by impairment losses are:

Buildings

Community

Infrastructure - Electrical network

Infrastructure - Roads network

Infrastructure - Wastewater network

Infrastructure - Road network

Infrastructure - Water network

Infrastructure - Electricity network

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

38. Reversal of impairments/(Impairment loss) (continued)

Computer equipment

Furniture and fixtures

Plant and machinery

The main classes of assets affected by reversals of impairment losses are:

Motor vehicles

The main events and circumstances that led to the recognition of these impairment losses are as follows:

Physical verification of movable and immovable assets was performed during the financial year, each assets condition was assessed and was graded accordingly. Should the asset be found to be in a very poor condition and not able to fulfill its service potential the asset was then impaired accordingly. Details of the verification condition assesments are recorded in the fixed asset register.

39. Fair value adjustments

	2024	2023
Investment property	(1 553 391)	864 522
	(1 553 391)	**864 522**

40. Auditors' remuneration

	2024	2023
Fees	985 626	6 490 642
	985 626	**6 490 642**

41. Net cash flow (used in) generated from operating activities

	2024	2023
Surplus/(deficit)	(149 203 937)	(662 035 577)
Adjustments for:		
Depreciation and amortisation	62 757 408	67 903 211
Gain on sale of assets and liabilities	6 256 661	454 434
Fair value adjustments	1 553 391	(864 522)
Impairment deficit	25 625 990	7 375 245
Debt impairment	187 535 111	658 142 048
Movements in retirement benefit assets and liabilities	306 349	(1 034 368)
Movements in provisions	3 398 911	5 024 596
Inventory losses or write-downs	(52 381)	248 011
Landfill site movement	986 877	(1 101 920)
Work in progress movement	(16 254 649)	(43 467 865)
Changes in working capital:		
Inventories	24 464	(39 909)
Receivables from exchange transactions	(905 953)	492 745 277
Consumer debtors	(187 535 111)	(658 142 048)
Other receivables from non-exchange transactions	448 437	19 298 533
Payables from exchange transactions	64 620 944	110 919 799
VAT	4 786 370	10 774 299
Unspent conditional grants and receipts	(10 613 022)	1 052 643
Consumer deposits	61 204	85 092
	(6 202 936)	**7 336 979**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

42. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	16 173 462	27 777 660
	16 173 462	**27 777 660**

Total capital commitments		
Already contracted for but not provided for	16 173 462	27 777 660
	16 173 462	**27 777 660**

Total commitments

Total commitments		
Authorised capital expenditure	16 173 462	27 777 660

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc. This commitments are also presented inclusive of VAT.

Refer to note 46 for prior period corrections made to commitments.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

43. Contingencies

Contingent liabilities

Below is a list of possible liability claims where the outcome was unknown at 30 June 2024 with the maximum unforeseen liability for the Municipality:

MJ Matlole	1 300 000	1 300 000
Ntiyiso Consulting	1 074 464	1 074 464
Fire Fighters	-	900 000
WDT Goosen	250 000	250 000
Emily Dhladhla	100 000	100 000
PP Moloi	1 000 000	1 000 000
Amos Makoae	1 000 000	1 000 000
IMATU obo Dlamini	200 000	200 000
	4 924 464	**5 824 464**

MJ Matlole (Pending)
The case is a constructive dismissal matter referred to the CCMA. The claim amount is calculated at 12 months remuneration.
Ntiyiso Consulting (Pending)
The matter relates to a claim instituted in the amount of R1 074 464,00 for alleged services rendered by Ntiyiso Consulting which is disputed by the Municipality as well as the manner in which they were appointed.
Fire Fighters (Finalised)
Fire Fighters appointed on the Mayor's programs and took the Municipality to court as they wanted to be appointed permanently
WDT Goosen (Pending)
The matter is about an accident due to a pothole and therefore the claim for damages for medical and future damages.
Emily Dhladhla (Pending)
Emily Dhladhla is an application in the Labour Court for a review which is still pending. However, the matter has not at this time being prosecuted and will all probability have lapsed and have been archived.
PP Moloi (Pending)
The case is a constructive dismissal matter referred to the CCMA. The claim amount is calculated at 12 months remuneration.
Amos Makoae (Pending)
The case is a constructive dismissal matter referred to the CCMA. The claim amount is calculated at 12 months remuneration.
IMATU obo Dlamini (Pending)
The Municipality has launched a review application against the ruling made by the SALGBC Commissioner.

As at reporting date the municipality is uncertain of the amount and timing of the outflow of any resources regarding the above mentioned cases.

Trade payables with legal status

The following trade creditors included in the trade payables listing has taken legal action against the municipality for long outstanding accounts.

- MWRF Pension Fund
- N & C Maintenance
- Blackbird Trading
- Malanda Joint Venture
- Auditor-General of South Africa
- Moreku Luxuary Vehicles
- Rheochem (Pty)Ltd
- Sam Foxy Holdings
- SAMWU

43. Contingencies (continued)

The following cases are still in progress but have no financial impact on the Contingent Liabilities that have been disclosed:

- WDT Goosen
- Emily Dhladhla
- IMATU obo Dlamini

44. Related parties

Nature of related party relationships

Related party transactions

None of the members of the municipality's management have significant influence over the financial or operating policies of the municipality. No business transactions took place between the municipality and key management personnel and their close family members, unless specifically disclosed. All members of the municipality's management and their close family members receive and pay for services on the same terms and conditions as other ratepayers and residents. All transactions are at arm's length and no bad debt expenses have been recognised in respect of amounts owed by related parties.

Loans granted to related parties

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 01 July 2004.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties (continued)

Remuneration of Councillors and Management

Management class: Councillors

2024

Name	Councillor allowance	Allowances	Contributions to UIF,Medical and Pension Funds	Total
Mayor	-	-	-	-
Cllr. TI Motsoeneng	725 620	232 461	9 123	967 204
Speaker	-	-	-	-
Cllr. MM Mofokeng	588 145	186 723	22 816	797 684
Executive committee members	-	-	-	-
Cllr. EM Maboya	303 746	99 457	3 841	407 044
Cllr. TJ Kotsi	303 746	99 457	3 841	407 044
Councillors	-	-	-	-
Cllr. MP Mokoena	229 795	2 788	76 142	308 725
Cllr. SB Ntuli	302 167	3 059	3 770	308 996
Cllr. A Tsotetsi	302 167	3 059	3 770	308 996
Cllr.MR Tsotetsi	336 548	51 417	3 770	391 735
Cllr. TP Mashiloane	201 475	30 691	76 142	308 309
Cllr. MA Tsubane	302 167	3 059	3 770	308 996
Cllr. AN Molefe	229 795	2 915	76 142	308 852
Cllr. SM Steyn	302 167	3 059	3 770	308 996
Cllr FA Tsotetsi	201 475	30 691	76 142	308 309
Cllr. WBM Gumede	229 795	2 915	76 142	308 852
Cllr. JJ Kumbi	302 167	3 059	3 770	308 996
Cllr. TBRJ Van Rensburg	255 400	2 960	52 314	310 674
Cllr. JB Marais	229 795	2 915	76 142	308 852
	5 346 171	**760 686**	**571 408**	**6 678 265**

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Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties (continued)

2023

Name	Basic Salary	Allowances	Contributions to UIF,Medical and Pension Funds	Total
Mayor	-	-	-	-
Cllr. TI Motsoeneng	717 917	188 327	8 461	914 704
Speaker	-	-	-	-
Cllr. MM Mofokeng	527 992	180 507	24 036	732 536
Executive committee members	-	-	-	-
Cllr. EM Maboya	285 336	96 125	3 552	385 012
Councillors	-	-	-	-
Cllr. TJ Kotsi(Chief Whip)	285 336	96 125	3 552	385 012
Cllr. MP Mokoena	215 890	73 580	2 695	292 165
Cllr. SB Ntuli	298 928	3 600	2 966	305 493
Cllr. A Tsotetsi	285 870	3 600	2 835	292 305
Cllr.MR Tsotetsi	327 583	5 920	42 043	375 546
Cllr. TP Mashiloane	199 872	76 845	28 127	304 844
Cllr. MA Tsubane	298 928	3 600	2 966	305 493
Cllr. AN Molefe	246 315	56 213	2 861	305 388
Cllr. SM Steyn	285 870	3 600	2 835	292 305
Cllr FA Tsotetsi	188 506	75 900	29 569	293 975
Cllr. WBM Gumede	215 890	73 580	2 695	292 165
Cllr. JJ Kumbi	285 870	3 600	2 835	292 305
Cllr. TBRJ Van Rensburg	285 870	3 600	2 835	292 305
Cllr. JB Marais	212 552	73 580	2 164	288 297
	5 164 523	**1 018 303**	**167 028**	**6 349 854**

Refer to note 37 for remuneration of councillors.

44. Related parties (continued)

Management class: Senior Managers

2024

Name	Basic salary	Allowances	Contributions to UIF,Medical and Pension Funds	Total
Chief Financial Officer - TD Tau	430 996	121 563	6 522	559 081
Acting Chief Financial Officer - GA Mgcina	-	158 802	-	158 802
Acting Director Corporate Services - DC Madibo	-	474 493	-	474 493
Actinging Director Planning & Infrastructure - N Radebe	-	471 833	-	471 833
Acting Director Community Services - TE Nxayi	-	124 144	-	124 144
	430 996	**1 350 835**	**6 522**	**1 788 354**

2023

Name	Basic salary	Allowances	Contributions to UIF,Medical and Pension Funds	Total
Municipal Manager - LJ Ralebenya	276 804	322 378	6 597	605 780
Director Planning & Infrastructure - DL Ramabitsa	56 357	225 529	2 957	284 844
Director Community Service - ZE Mofokeng	405 448	460 083	9 718	875 249
Acting Chief Financial Officer - GA Mgcina	-	407 958	-	407 958
Acting Director Corporate Services - I Ngozo	-	335 132	-	335 132
Acting Director Corporate Services - DC Madibo	-	167 431	-	167 431
Actinging Director Planning & Infrastructure - N Radebe	-	449 029	-	449 029
	738 610	**2 367 540**	**19 273**	**3 125 422**

Refer to note 34 for employee related costs.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

45. 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	Change in accounting policy	Re-classification	Restated
Assets						
Current Assets						
Inventories		1 455 828	-	-	-	1 455 828
Other financial assets		276 038	-	-	-	276 038
Receivables from exchange transactions		32 678 482	496 169 037	-	-	528 847 519
Receivables from non-exchange transactions		3 982 907	18 868 259	-	-	22 851 166
VAT receivable		82 650 251	(363 413)	-	(107 128 510)	(24 841 672)
Cash and cash equivalents		2 004 759	0	-	-	2 004 759
Non-current Assets						
Investment property		44 037 815	1 463 319	-	-	45 501 134
Property, plant and equipment		1 160 862 443	17 842 783	-	-	1 178 705 226
Other financial assets		260 149	-	-	-	260 149
Heritage assets		35 758	-	-	-	35 758
Total Assets		1 328 244 431	533 979 986	-	(107 128 510)	1 755 095 906
Liabilities						
Current Liabilities						
Payables from exchange transactions		988 048 391	(3 449 738)	-	-	984 598 653
Consumer deposits		1 696 794	-	-	-	1 696 794
Employee benefit obligation - CL		1 758 451	-	-	-	1 758 451
Unspent conditional grants and receipts		19 458 648	0	-	-	19 458 648
VAT payable		-	-	-	107 128 510	107 128 510
Provisions - CL		2 158 028	-	-	-	2 158 028
Non-current Liabilities						
Employee benefit obligation - NCL		12 078 627	-	-	-	12 078 627
Provisions - NCL		52 614 258	-	-	-	52 614 258
Total Liabilities		1 077 813 197	(3 449 738)	-	107 128 510	1 181 491 969
Total Net Assets		250 431 234	537 429 725	-	(214 257 021)	573 603 938

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Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

45. Prior-year adjustments (continued)

2023

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Assets						
Current Assets						
Inventories		1 495 737	-	-	-	1 495 737
Other financial assets		301 258	-	-	-	301 258
Receivables from exchange transactions		32 143 071	3 959 173	-	-	36 102 244
Receivables from non-exchange transactions		3 336 713	215 920	-	-	3 552 633
VAT receivable		71 663 332	(150 792)	-	(145 591 430)	(74 078 889)
Cash and cash equivalents		7 993 751	-	-	-	7 993 751
Non-current Assets						
Investment property		44 874 532	1 491 124	-	-	46 365 656
Property, plant and equipment		1 162 626 669	(13 759 984)	-	-	1 148 866 685
Other financial assets		258 351	-	-	-	258 351
Heritage assets		35 758	-	-	-	35 758
Total Assets		**1 324 729 171**	**(8 244 560)**	**-**	**(145 591 430)**	**1 170 893 182**
Liabilities						
Current Liabilities						
Payables from exchange transactions		1 094 526 192	1 240 267	-	-	1 095 766 459
Consumer deposits		1 781 886	-	-	-	1 781 886
Employee benefit obligation - CL		-	1 717 314	-	-	1 717 314
Unspent conditional grants and receipts		20 511 292	-	-	-	20 511 292
VAT payable		-	-	-	145 591 430	145 591 430
Provisions - CL		3 922 676	-	-	-	3 922 676
Non-current Liabilities						
Employee benefit obligation - NCL		12 802 710	(1 717 314)	-	-	11 085 396
Provisions - NCL		55 874 206	-	-	-	55 874 206
Total Liabilities		**1 189 418 962**	**1 240 267**	**-**	**145 591 430**	**1 336 250 658**
Total Net Assets		**135 310 210**	**(9 484 826)**	**-**	**(291 182 859)**	**(165 357 476)**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

45. Prior-year adjustments (continued)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Service charges		79 965 543	-	-	-	79 965 543
Rental of facilities and equipment		615 152	-	-	-	615 152
Operational revenue		7 749 163	897 793	-	-	8 646 956
Interest income		55 040 541	-	-	-	55 040 541
Prescribed revenue		812 400	-	-	-	812 400
		144 182 799	**897 793**	**-**	**-**	**145 080 593**
Property rates		25 358 136	-	-	-	25 358 136
Taxation revenue - Interest income		6 900 483	-	-	-	6 900 483
Government grants & subsidies		163 110 356	-	-	-	163 110 356
Public contributions and donations		12 785 525	-	-	-	12 785 525
Fines, Penalties and Forfeits		142 500	-	-	-	142 500
		208 297 001	**-**	**-**	**-**	**208 297 001**
Total Revenue		352 479 800	897 793	-	-	353 377 594
Expenditure						
Employee related costs		(107 215 635)	(2 608 712)	-	-	(109 824 347)
Remuneration of councillors		(6 349 850)	-	-	-	(6 349 850)
Depreciation and amortisation		(39 621 758)	(28 281 453)	-	-	(67 903 211)
Finance costs		(67 425 091)	36 542	-	-	(67 388 549)
Debt Impairment		(145 975 306)	(512 166 742)	-	-	(658 142 048)
Bulk purchases		(27 966 963)	(1 454 886)	-	-	(29 421 849)
General Expenses		(71 695 829)	104 339	-	-	(71 591 490)
		(466 250 432)	(544 370 911)	-	-	(1 010 621 343)
Operating Surplus/ (Deficit)		(113 770 632)	(543 473 118)	-	-	(657 243 750)
Fair value adjustments		836 718	27 804	-	-	864 522
Reversal of impairments (Impairment loss)		(4 357 296)	(3 017 949)	-	-	(7 375 245)
Inventory gains		248 011	-	-	-	248 011
Actuarial gains/losses		1 925 320	-	-	-	1 925 320
Loss on disposal of assets		(3 147)	(451 286)	-	-	(454 433)
		(1 350 395)	(3 441 432)	-	-	(4 791 826)
Surplus / (Deficit) For The Year		**(115 121 026)**	**(546 914 550)**	**-**	**-**	**(662 035 576)**

45. Prior-year adjustments (continued)

Cash flow statement

2023

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Cash flow from operating activities						
Taxation Revenue		32 904 814	18 652 339	-	-	51 557 153
Sale of goods and services		158 196 949	497 702 068	-	-	655 899 017
Grants		164 163 000	-	-	-	164 163 000
Interest income		558 374	-	-	-	558 374
Employee costs		(105 516 441)	(1 138 672)	-	-	(106 655 113)
Suppliers		(243 117 646)	(515 067 812)	-	-	(758 185 458)
Net cash from operating activities		**7 189 050**	**147 922**	**-**	**-**	**7 336 972**
Cash flow from investing activities						
Purchase of property, plant and equipment		(1 176 638)	(147 927)	-	-	(1 324 565)
Proceeds from sale of financial assets		(23 421)	-	-	-	(23 421)
Net cash from investing activities		**(1 200 059)**	**(147 927)**	**-**	**-**	**(1 347 986)**
Cash flow from financing activities						
Total cash movement for the year		**5 988 991**	**(5)**	**-**	**-**	**5 988 986**
Cash and cash equivalents at the beginning of the year		2 004 758	-	-	-	2 004 758

Errors

The following prior period errors were identified and corrected during the year:

45. Prior-year adjustments (continued)

Property, plant and equipment:

Management have changed the methodology of the prior year impairment calculations and depreciation calculation. The prior year asset register was reversed from the General Ledger excluding additions, transfers, disposals as it would not be practical to correct each line item individually. All assets were physically verified during the year and all conditions were updated for the current year. The new register was accounted for accordingly.

Affected line items	
Property, plant and equipment	(18 304 569)
Depreciation and amortisation	28 965 072
Accumulated surplus (deficit)	(14 129 738)
Impairment loss	3 017 949
Gain or loss on disposal of assets and liabilities	451 286
	-

Consumer Debtors:

Correction of prior year write off that was not approved by council. The proposed write off was reversed and impairment was recalculated for consumer debtors.

Affected line items	
Payables from exchange transactions	(1 304 540)
Accumulated surplus (deficit)	(515 037 296)
Receivables from exchange transactions	3 959 174
Receivables from non-exchange transactions	215 920
Debt Impairment	512 166 742
	0

Payables from exchange transactions:

Correction of prior year accruals was done as it impact the current year opening balances of Payables from exchange transactions, all calculation and statements were obtained and creditors were accuratly accounted for. Where differences was identied an adjustment was processed in the prior year.

Affected line items	
Payables from exchange transactions	1 918 393
VAT receivable	(370 219)
Property, plant and equipment	147 928
General Expenses	(112 548)
Finance costs	(208 144)
Accumulated surplus (deficit)	(3 086 328)
Operational revenue	(897 795)
Employee costs	2 608 712
	0

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

45. Prior-year adjustments (continued)

Investment property:

All Land and Investment properties were verified against the valuation roll, properties were identified that was not included in the prior year register. Additional properties were identified that had to be removed as the properties transferred from owners and did not meet the criteria of Land or Investment properties.

Affected line items	
Accumulated surplus (deficit)	(1 463 320)
Investment property	1 491 123
Fair value adjustments	(27 803)
	0

Landfill site asset:

Remaining useful life was restated. Management identified in the 2024 FY that the remaining life as per the engineer's calculations was not aligned to the remaining useful life of the Landfill site report. The remaining useful lives have been corrected as per the Engineers calculations. Prior period error was declared in 2024. Landfill site assets deprecation corrected to be in line with IGRAP 2 and GRAP 17.

Affected line items	
Property, plant and equipment	4 396 662
Depreciation and amortisation	(683 619)
Accumulated surplus (deficit)	(3 713 043)
	0

General Expenses:

Prior year expenditure was identified in the current finacial year that was previously incorrectly accounted for.

Affected line items	
VAT receivable	1 231
General Expenses	8 209
Finance costs	(9 440)
	(0)

Bulk purchases:

Prior year expenditure was identified in the current financial year, the correction was done to account for the transactions in the correct financial period.

Affected line items	
Payables from exchange transactions	(1 854 123)
VAT receivable	218 195
Finance costs	181 042
Bulk purchases	1 454 886
	0

45. Prior-year adjustments (continued)

Employee benefit obligation:

Prior year allocation between current and non current liabilities have been corrected.

Affected line items		
Employee benefit obligation - CL	(1 717 314)	
Employee benefit obligation - NCL	1 717 314	

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

46. Comparative figures

Certain comparative figures have been reclassified.

The effects of the restatement are as follows:

Commitments *Correction of prior year project that completed*	27 778 132	(472)	27 777 660
Unauthorized expenditure *Correction of prior year adjustments for Consumer debtors, Bulk Purchases and General expenses*	1 554 795 251	517 546 886	2 072 342 137
Fruitless and wasteful expenditure have been restated from *Correction of SARS interest that was incorrectly disclosed in the prior year. Correction is in line with the latest supporting documents.*	270 838 051	1 476 154	272 314 205
PAYE and UIF *Correction of current and prior year subscriptions due to the recalculation of SARS interest and penalties where the municipality received remission. Correction is in line with the latest supporting documents.*	1 605 276	(1 440 172)	165 104
Segment information *Correction disclosure of segment information as results of prior period error changes.*	(115 121 027)	(546 914 549)	(662 035 576)

47. Change in estimate

Property, plant and equipment

Change in accounting estimates

According to the requirements of GRAP 3, specific disclosure is required when a change in accounting estimates takes place within the reporting period. As per section 41, “An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect."

The following change in accounting estimates has taken place in the reporting period:

Residual value allocation to fixed assets

In previous financial periods a residual value of R0 was allocated to all fixed assets. Transitioning from a zero residual value to an evidence-based residual allocation improves compliance with GRAP 17, enhances financial accuracy, and promotes better asset lifecycle management.

Change in depreciation method from Straight line to reducing balance method

In previous financial periods the straight-line depreciation method was applied. Transitioning to the Reducing Balance Method aligns depreciation with actual asset usage patterns, enhancing compliance with GRAP 17 while improving financial sustainability and decision-making.

The financial effect of the change of both estimations, on the net asset carrying value of fixed assets from 2024: R 1 116 624 521 (2023: R 1 162 626 663) to 2024: R 1 069 956 840 (2023: R 1 148 866 688).

As per the requirements of GRAP 3, the future effect of the change in estimation requires disclosure, if it is practical to do so. Since it’s unknown what assets will be acquired, impaired or disposed of in the following financial period, determining the future effect of the change in estimates is impractical at this time.

Restatement of the 2023 financial information is required to ensure proper comparability with year-on-year financial results. Furthermore, the correction of the opening carrying value of applicable fixed assets is necessary to accurate disclosure of the 2024 financial information.

48. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Treasury function reports periodically to the municipality's finance committee, that monitors risks and policies implemented to mitigate risk exposures.

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.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. 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 table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	461 953 164	-	-	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	408 049 222	-	-	-

48. Risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit rate risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The municipality only deposits with major banks with high quality credit standing.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Receivables from exchange transactions	37 008 195	36 102 244
Bank balances	1 287 313	7 993 751

The method for determining the credit quality of the different financial instruments is disclosed in their individual notes.

Consumer deposits and guarantees held in lieu of service accounts are disclosed in note 15.

Market risk

Interest rate risk

The municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings and finance leases are therefore usually at fixed rates.

This risk is managed on an ongoing basis.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality’s business that changes in market prices will have a material impact on the trading results of the municipality.

There has been no change, since the previous financial year, to the municipality’s exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Audited Annual Financial Statements

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49. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus/(deficit) of R -23 378 550 and that the municipality's current liabilities exceed its current assets by R -1 067 486 335

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 municipality is experiencing some financial difficulties, indicators are as follows:

1. Continuous attachment of the municipal bank account by pension funds and other creditors.

2. Unspent conditional grants being withheld from the Equitable Share allocation.

3. Several litigations due to non-payment of long outstanding creditors of which poses a threat of the municipality's assets becoming attached.

4. Suppliers are not paid within the legislative 30 days.

5. Employee benefit obligations are unfunded; refer note

6. High levels of distribution losses; refer note

7. Slow collection and low recoverability of outstanding consumer accounts; and

8. Unfavourable financial ratios.

In addition, the municipality owed Eskom Holdings SOC R 49 012 371.31 (2023: R 48 586 073.03), Rural Freestate R 76 232 980.02 (2023: R 75 452 464.58) and Department water and sanitation R 521 543 050 (2023: R 516 249 163) as at 30 June 2024.

The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. There is material uncertainty that the municipality can operate as a going concern if additional funding cannot be procured. The ability of the municipality to continue as a going concern is dependent on several factors:

1. Circular 124 – Eskom write-off agreement application.

2. Circular 123 – Budgeting process and improved tariff adjustments to improve service delivery collections.

3. Valuation roll implementation from 2020/21, this will improve property rates billing for next 5 years supplementary roll implemented every quarter.

4. Additional supplementary valuation rolls were implemented during the finacial year to improve property rates billing and enhance cashflow.

These events or conditions, along with the continuing operating losses and financial difficulties, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

50. Events after the reporting date

The municipality have not identified any material category of non-adjusting events after the reporting date.

Notes to the Audited Annual Financial Statements

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51. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised expenditure	2 466 386 575	2 072 303 340
Irregular expenditure	335 820 080	308 682 777
Fruitless and wasteful expenditure	353 566 029	272 314 205
Closing balance	**3 155 772 684**	**2 653 300 322**

52. Unauthorised expenditure

Opening balance as previously reported	2 072 303 340	1 190 246 303
Add: Unauthorised expenditure - current	385 347 195	869 539 496
Conditional grants non compliance with Dora section 16(1) 2023 & 2024	8 736 040	12 517 541
Closing balance	**2 466 386 575**	**2 072 303 340**

Unauthorised expenditure is disclosed exclusive of VAT.

Unauthorised expenditure: Budget overspending – per municipal department:

Political Office	12 104 127	75 784 930
Community Services	21 027 579	-
Financial Services	307 421 845	763 450 256
Planning & Infrastructure Services	44 793 643	30 304 310
	385 347 195	**869 539 496**

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Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

53. Fruitless and wasteful expenditure

	2024	2023
Opening balance as previously reported	272 314 205	210 208 443
Add: Fruitless and wasteful expenditure identified - current	81 251 824	62 105 761
Closing balance	**353 566 029**	**272 314 205**

Fruitless and wasteful expenditure is presented inclusive of VAT

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings	2024	2023
ABSA - interest on bank charges		950	212 710
AGSA - interest on overdue account		1 402 503	1 173 257
Department of Water & Sanitation - Interest on overdue accounts		44 179 821	24 888 996
Eskom - interest on overdue account		102 177	35 051
FNB - interest on bank charges		-	4
Rural Free State - interest on overdue account		9 718 383	9 946 303
SALA Pension fund - interest on overdue account		5 275 933	8 843 799
SAMWU Pension fund - interest on overdue account		18 227 547	13 563 232
SARS - interest & penalties		1 389 610	2 162 386
West Rand Consulting		482 140	-
Telkom		-	52 937
Manna Holdings		472 759	213 995
N & C Maintenance		-	1 013 090
		81 251 824	**62 105 761**

No write off's of amounts were proposed to council or approved by council for the prior period under review.

Amount recovered

Investigations will be conducted in the following financial reporting period to determine whether any amounts are recoverable or not.

Figures in Rand	2024	2023

54. Irregular expenditure

Opening balance as previously reported	308 682 777	279 782 361
Add: Irregular Expenditure - current	27 137 303	28 900 416
Closing balance	**335 820 080**	**308 682 777**

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Competitive bidding not invited		-	1 350 210
Declaration of interest not submitted		1 897 605	3 730 130
No CSD Report Attached, No Declaration of Interest & No 3 Written Quotation		157 384	-
No CSD , No Tax Clearance, No 3 Formal Written Quotation & No Declaration of Interest attached		4 532 270	-
No evidence of bids being advertised.		-	1 865 053
Bids advertised less than 14 days		-	2 941 511
Service Level Agreement not in place		2 496 719	2 244 263
Suppliers not on CSD		-	103 217
Three written quotations not invited		15 080 471	16 549 675
No supporting documents		554 487	-
Tax Status - Non- Compliant		-	54 999
Expenditure not approved by a delegated official		2 418 367	61 358
		27 137 303	**28 900 416**

Disciplinary steps taken/criminal proceedings

Based of the above, no disciplinary steps or criminal proceedings were taken during the reporting period under review.

55. Material Losses

Water distributed losses		
Mega litres purchased	6 160 795	9 024 941
Mega litres lost during distribution	3 493 395	6 323 302
Percentage lost during distribution	57%	70%
Loss Amount	15 925 296	23 508 305

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	7 273 958	5 755 553
Current year subscription / fee	1 327 939	1 525 610
Amount paid - current year	-	(7 205)
	8 601 898	**7 273 958**

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Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	11 878 481	10 828 582
Current year subscription / fee	5 661 898	8 637 495
Amount paid - current year	(3 625 926)	(7 587 597)
	13 914 453	**11 878 481**

PAYE and UIF

Opening balance	165 104	33 275 288
Current year subscription	14 525 481	10 958 345
Amount paid - current year	(9 726 514)	(13 187 729)
Amount paid - previous years	(0)	(30 880 800)
	4 964 071	**165 104**

Pension and Medical Aid Deductions

Opening balance	216 706 723	178 227 493
Current year subscription / fee	46 209 469	22 834 366
Amount paid - current year	(20 369 136)	(6 762 167)
Amount paid - previous years	-	22 407 031
	242 547 056	**216 706 723**

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024 :

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr SM Steyn	3 960	38 744	42 704
Cllr JB Marais	5 427	56 915	62 342
Cllr Mohapi Mokoena	3 102	38 561	41 663
Cllr EM Maboya	2 616	19 330	21 946
Cllr JT Kotsi	3 689	68 856	72 544
Cllr Matsatsi Mofokeng	4 016	25 497	29 513
Cllr Matsatsi Mofokeng	1 333	5 196	6 529
Cllr Action Tsotetsi	3 624	70 765	74 389
Cllr Moabi Tsubane	1 841	16 851	18 692
Clllr Van Rensburg	3 307	9 445	12 751
Cllr Mamonaila Tsotetsi	2 608	41 392	44 001
Cllr AN Molefe	835	28 571	29 406
Cllr Faku Tsotetsi	4 269	85 776	90 046
Cllr BW Gumede	2 759	49 436	52 194
Cllr Mashiloane	2 532	46 758	49 291
Cllr. TI Motsoeneng	1 826	5 207	7 033
Cllr JJ Kumbi	880	5 820	6 700
Cllr Ntuli	2 418	39 683	42 101
	51 041	**652 803**	**703 845**

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr SM Steyn	2 924	28 501	31 426
Cllr JB Marais	3 451	43 427	46 878
Cllr Mohapi Mokoena	1 962	30 839	32 801
Cllr EM Maboya	2 075	13 264	15 338
Cllr JT Kotsi	2 381	59 720	62 101
Cllr Matsatsi Mofokeng	2 666	21 174	23 841
Cllr Matsatsi Mofokeng	838	1 840	2 678
Cllr Action Tsotetsi	3 200	61 012	64 212
Cllr Moabi Tsubane	1 374	23 806	25 180
Clllr Van Rensburg	2 203	6 929	9 132
Cllr Mamonaila Tsotetsi	3 029	41 268	44 297
Cllr AN Molefe	2 088	28 990	31 078
Cllr Faku Tsotetsi	2 507	75 299	77 805
Cllr BW Gumede	1 784	42 306	44 090
Cllr Mashiloane	1 638	40 207	41 845
Cllr. TI Motsoeneng	1 379	5 122	6 501
Cllr JJ Kumbi	1 531	2 616	4 147
Cllr Ntuli	1 548	33 452	35 000
	38 578	**559 772**	**598 350**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2024	Highest outstanding amount	Aging (in days)
Cllr SM Steyn	32 079	270

Notes to the Audited Annual Financial Statements

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56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Cllr JB Marais	47 764	270
Cllr Mohapi Mokoena	33 301	270
Cllr EM Maboya	15 207	270
Cllr JT Kotsi	62 583	270
Cllr Matsatsi Mofokeng	18 604	270
Cllr Matsatsi Mofokeng	2 965	270
Cllr Action Tsotetsi	64 344	270
Cllr Moabi Tsubane	13 517	270
Clllr Van Rensburg	3 941	270
Cllr Mamonaila Tsotetsi	36 549	270
Cllr AN Molefe	25 312	270
Cllr Faku Tsotetsi	78 644	270
Cllr BW Gumede	44 743	270
Cllr Mashiloane	42 446	270
Cllr. TI Motsoeneng	2 070	240
Cllr JJ Kumbi	4 341	270
Cllr Ntuli	35 572	270
	563 980	**4 830**

30 June 2023	Highest outstanding amount	Aging (in days)
Cllr SM Steyn	23 987	270
Cllr JB Marais	36 804	270
Cllr Mohapi Mokoena	27 409	270
Cllr EM Maboya	10 434	270
Cllr JT Kotsi	55 120	270
Cllr Matsatsi Mofokeng	15 937	270
Cllr Matsatsi Mofokeng	275	90
Cllr Action Tsotetsi	56 460	270
Cllr Moabi Tsubane	20 994	270
Clllr Van Rensburg	2 057	90
Cllr Mamonaila Tsotetsi	36 429	270
Cllr AN Molefe	23 976	270
Cllr Faku Tsotetsi	71 363	270
Cllr BW Gumede	38 877	270
Cllr Mashiloane	37 057	270
Cllr. TI Motsoeneng	2 496	270
Cllr JJ Kumbi	2 233	270
Cllr Ntuli	30 478	270
	492 384	**4 500**

Non-compliance with the Municipal Finance Management Act

In terms of section 65 (2)(e) of the Municipal Finance Management Act (Act 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Management Act (Act 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

57. Deviation from supply chain management regulations

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

Deviation from, and ratification of minor breaches of, the procurement processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the annual financial statements.

SCM paragraph reference			
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	414 682	1 712 655
		414 682	**1 712 655**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

58. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The six key functional segments comprise of:

• Budget and Treasury

• Corporate Services

• Office of Municipal Manager

• Property, Planning & Development

• Technical and Engineering Services

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

Aggregated segments

The municipality does not aggregate any other municipal activities into a general reportable segment.

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 Services	Community and social services, sports recreation and public safety
Corporate Services	Administrative functions in human resources, legal services or compliance, communications and finance
Financial Services	Administration and financial services
Office Of Municipal Manager	The Municipal Manager, as the Head of Administration and the Accounting Officer of the municipality.
Planning & Infrastructure Services	Energy sources, Water management, Waste water managemet and waste management

Notes to the Audited Annual Financial Statements

Figures in Rand

Segment surplus or deficit, assets and liabilities

2024

	Community Services	Corporate Services	Financial Services	Office Of Municipal Manager	Planning & Infrastructure Services	Political Office	Total
Revenue							
Revenue from exchange transactions							
Interest received - investment	(14 000 514)	-	(3 247 040)	-	(55 053 091)	-	(72 300 645)
Operational revenue	-	-	(6 316 121)	-	(49 187)	-	(6 365 309)
Rental of facilities and equipment	-	-	(868 252)	-	-	-	(868 252)
Service charges	(19 570 719)	-	-	-	(68 522 169)	-	(88 092 888)
Revenue from non-exchange transactions							
Fines, Penalties and Forfeits	-	-	(1 850)	-	-	-	(1 850)
Government grants and subsidies	(570 000)	-	(145 880 022)	-	-	-	(146 450 022)
Interest - Taxation revenue	-	-	(9 840 338)	-	-	-	(9 840 338)
Property rates	-	-	(30 574 654)	-	-	-	(30 574 654)
Public contributions and donations	-	-	-	-	(3 277 581)	-	(3 277 581)
Department of Water and Sanitation billing adjustment	-	-	(82 154 265)	-	-	-	(82 154 265)
Total segment revenue	**(14 570 514)**	**-**	**(278 882 543)**	**-**	**(126 902 028)**	**-**	**(439 925 804)**
Total revenue							**(439 925 804)**
Expenditure							
Bulk purchases	-	-	-	-	37 693 344	-	37 693 344
Debt Impairment	391 119	-	185 913 956	-	1 230 037	-	187 535 111
Depreciation and amortisation	6 855 793	1 404 427	17 171 659	39 552	37 285 975	-	62 757 406
Employee costs	13 365 137	11 494 715	11 661 968	41 221 174	19 277 314	12 419 613	109 439 922
Finance costs	-	1 302 274	85 637 612	-	-	-	86 939 886
General	415 530	13 606 418	11 119 114	1 554 157	27 743 397	9 922 221	64 360 837
Remuneration of councillors	-	-	-	-	-	6 678 265	6 678 265
Total segment expenditure	**21 027 579**	**27 807 834**	**311 504 309**	**42 814 883**	**123 230 067**	**29 020 098**	**555 404 771**

Notes to the Audited Annual Financial Statements

Figures in Rand

	Community Services	Corporate Services	Financial Services	Office Of Municipal Manager	Planning & Infrastructure Services	Political Office	Total
Actuarial gains/losses	236 545	-	-	-	-	-	236 545
Fair value adjustments	1 553 391	-	-	-	-	-	1 553 391
Gain or loss on disposal of assets and liabilities	6 256 661	-	-	-	-	-	6 256 661
Impairment loss	25 625 989	-	-	-	-	-	25 625 989
Inventories losses/write-downs	52 381	-	-	-	-	-	52 381
	-	-	-	-	-	-	33 724 967
Deficit for the year							**(149 203 934)**
Assets							
Current assets							
Cash and cash equivalents	-	-	1 287 313	-	-	-	1 287 313
Inventories	-	-	734 520	-	736 753	-	1 471 273
Other financial assets-CA	-	-	378 458	-	-	-	378 458
Receivables from exchange transactions	1 154 722	-	27 878 292	-	7 975 180	-	37 008 195
Receivables from non-exchange transactions	-	-	3 104 196	-	-	-	3 104 196
VAT receivable	-	-	230 180 371	-	-	-	230 180 371
Non-current assets							
Heritage assets	-	-	-	-	-	35 758	35 758
Investment property	-	44 812 265	-	-	-	-	44 812 265
Other financial assets- NCA	-	-	222 213	-	-	-	222 213
Property, plant and equipment	(20 572 330)	143 490 473	160 622 813	2 335 497	784 080 392	-	1 069 956 844
Total segment assets	**(19 417 608)**	**188 302 738**	**424 408 177**	**2 335 497**	**792 792 325**	**35 758**	**1 388 456 886**
Total assets as per Statement of financial Position							**1 388 456 886**

Notes to the Audited Annual Financial Statements

Figures in Rand

	Community Services	Corporate Services	Financial Services	Office Of Municipal Manager	Planning & Infrastructure Services	Political Office	Total
Liabilities							
Current liabilities							
Payables from exchange transactions	-	-	(1 160 335 025)	-	-	-	(1 160 335 025)
Provisions- CL	(4 385 788)	-	-	-	-	-	(4 385 788)
Retirement benefit obligation	-	(374 292)	(625 476)	-	-	-	(999 768)
Unspent conditional grants and receipts	-	-	(9 898 270)	-	-	-	(9 898 270)
Consumer deposits	-	-	(1 397 384)	-	(445 706)	-	(1 843 090)
VAT Payable	(17 057 938)	-	(68 498 726)	-	(77 897 536)	-	(163 454 201)
Non-current liabilities							
Employee benefit obligation	-	-	(12 109 291)	-	-	-	(12 109 291)
Provisions- NCL	(58 810 005)	-	-	-	-	-	(58 810 005)
Total segment liabilities	**(80 253 731)**	**(374 292)**	**(1 252 864 172)**	**-**	**(78 343 242)**	**-**	**(1 411 835 438)**
Total liabilities as per Statement of financial Position							**(1 411 835 438)**

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

	Community Services	Corporate Services	Financial Services	Office Of Municipal Manager	Planning & Infrastructure Services	Political Office	Total
Revenue							
Revenue from exchange transactions							
Interest received - investment	(10 561 286)	-	(2 159 457)	-	(42 319 799)	-	(55 040 541)
Operational revenue	-	-	(8 085 904)	-	(561 053)	-	(8 646 956)
Prescribed revenue	-	-	-	-	(812 400)	-	(812 400)
Rental of facilities and equipment	-	-	(615 152)	-	-	-	(615 152)
Service charges	(17 219 483)	-	-	-	(62 746 060)	-	(79 965 543)
Revenue from non-exchange transactions							
Fines, Penalties and Forfeits	-	-	(142 500)	-	-	-	(142 500)
Government grants and subsidies	-	-	(163 110 356)	-	-	-	(163 110 356)
Interest - Taxation revenue	-	-	(6 900 483)	-	-	-	(6 900 483)
Property rates	-	-	(25 358 136)	-	-	-	(25 358 136)
Public contributions and donations	-	-	(12 785 525)	-	-	-	(12 785 525)
Total segment revenue	**(27 780 769)**	**-**	**(219 157 514)**	**-**	**(106 439 311)**	**-**	**(353 377 592)**
Total revenue							**(353 377 592)**
Expenditure							
Bulk purchases	-	-	-	-	29 421 849	-	29 421 849
Debt Impairment	550 425	-	655 285 494	-	2 306 128	-	658 142 048
Depreciation and amortisation	7 340 555	1 800 276	18 667 493	(38 797)	40 133 683	-	67 903 211
Employee costs	358 559	(522 095)	8 009 482	24 293 113	1 537 241	76 148 047	109 824 347
Finance costs	-	1 413 047	65 975 502	-	-	-	67 388 549
General	201 591	16 696 941	15 512 285	4 869 800	23 977 350	10 333 523	71 591 490
Remuneration of councillors	-	-	-	-	-	6 349 850	6 349 850
Total segment expenditure	**8 451 130**	**19 388 170**	**763 450 256**	**29 124 116**	**97 376 251**	**92 831 420**	**1 010 621 344**

Notes to the Audited Annual Financial Statements

Figures in Rand

	Community Services	Corporate Services	Financial Services	Office Of Municipal Manager	Planning & Infrastructure Services	Political Office	Total
Actuarial gains/losses	(1 925 320)	-	-	-	-	-	(1 925 320)
Fair value adjustments	(864 522)	-	-	-	-	-	(864 522)
Gain or loss on disposal of assets and liabilities	454 433	-	-	-	-	-	454 433
Impairment loss	7 375 245	-	-	-	-	-	7 375 245
Inventories losses/write-downs	(248 011)	-	-	-	-	-	(248 011)
	(1 925 320)	-	-	-	-	-	4 791 826
Deficit for the year							**(662 035 578)**
Assets							
Current assets							
Cash and cash equivalents	-	-	7 993 751	-	-	-	7 993 751
Inventories	-	-	903 572	-	592 165	-	1 495 737
Other financial assets-CA	-	-	301 258	-	-	-	301 258
Receivables from exchange transactions	1 339 567	-	24 314 164	-	10 448 512	-	36 102 244
Receivables from non-exchange transactions	-	-	3 552 633	-	-	-	3 552 633
VAT receivable	-	-	217 103 970	-	-	-	217 103 970
Non-current assets							
Heritage assets	-	-	-	-	-	35 758	35 758
Investment property	-	46 365 656	-	-	-	-	46 365 656
Other financial assets- NCA	-	-	258 351	-	-	-	258 351
Property, plant and equipment	(3 964 545)	160 089 976	160 720 786	2 793 779	829 226 688	-	1 148 866 685
Total segment assets	**(2 624 978)**	**206 455 632**	**415 148 484**	**2 793 779**	**840 267 365**	**35 758**	**1 462 076 043**
Total assets as per Statement of financial Position							**1 462 076 043**

Notes to the Audited Annual Financial Statements

Figures in Rand

	Community Services	Corporate Services	Financial Services	Office Of Municipal Manager	Planning & Infrastructure Services	Political Office	Total
Liabilities							
Current liabilities	-	-	-	-	-	-	-
Payables from exchange transactions	-	-	(1 095 766 459)	-	-	-	(1 095 766 459)
Provisions- CL	(3 922 676)	-	-	-	-	-	(3 922 676)
Retirement benefit obligation	-	(1 106 323)	(610 991)	-	-	-	(1 717 314)
Unspent conditional grants and receipts	-	-	(20 511 292)	-	-	-	(20 511 292)
Consumer deposits	-	-	(1 397 384)	-	(384 502)	-	(1 781 886)
VAT Payable	(14 298 657)	-	(72 222 209)	-	(59 070 563)	-	(145 591 430)
Non-current liabilities							
Employee benefit obligation	-	-	(11 085 396)	-	-	-	(11 085 396)
Provisions- NCL	(55 874 206)	-	-	-	-	-	(55 874 206)
Total segment liabilities	**(74 095 539)**	**(1 106 323)**	**(1 201 593 731)**	**-**	**(59 455 065)**	**-**	**(1 336 250 659)**
Total liabilities as per Statement of financial Position							**(1 336 250 659)**

Measurement of segment surplus or deficit, assets and liabilities

Information about geographical areas

Management monitors performance geographically, but does not have reliable separate financial information for decision making purposes, as the municipality's geographical areas of operation is seen as a single geographical area when deciding how to allocate resources.

59. Budget differences

Material differences between budget and actual amounts

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

Explanation of variances between approved and final budget amounts

The materiality framework of the municipality informs the determining base ranges. The framework outlines all principles and guiding practices to allow management to enforce a consistent application of the framework's guidelines. With regard to reporting, the understandability and transparency to users of the financial statements was a determining factor when deciding on the base %. The determining base was if the line item in the Statement of financial position or Statement of financial performance has more than a 10% deviation between the Final Budgeted amount and the Actual reported balance.

The variances identified in the Budget Statement is as follows:

Reference No.	Description	Actual amount over/(under) budget	Variance percentage	Explanation
Note 60.1	Rendering of services	3 995 265	-4%	The difference was mainly due to the Sale of water.
Note 60.2	Rental of facilities and equipment	6 251 704	-88%	The projection was made on the basis that, for the preceding financial period, the municipality had witnessed an increase in the number of occasions held which meant that revenue would have to be increased. The municipality, encountered a decline in terms of hall rentals for the 2023 financial period, thus decrease in the income from rental of facilities. Furthermore, the there was budgeted for rental on land which did not occur.
Note 60.3	Other income - (rollup)	(6 365 309)	100%	This relates to revenue received from sources which are notwithin the control of the municipality. The increase was mainly due to royalties, which were budget separately as well as recoveries. Additionally, municipality incorrectly budgeted forroyalty income as dividends received, thus material difference identified
Note 60.4	Interest received - investment	(16 956 603)	-31%	Under-estimate of projections for interest on overdue debtors as it forms part of interest projections. The basis used for budgeting of interest earned on debtors was incorrect and this will be corrected in the following financial year.
Note 60.6	Interest - Taxation revenue	(9 840 338)	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.7	Government grants & subsidies	759 000	-1%	The decrease was due to unspent conditional grants/amount withheld which was off-set against the Equitable share.

Figures in Rand				2024	2023

59. Budget differences (continued)

Note 60.8	Public contributions and donations	(3 277 581)	100%	Contributions or donations were not anticipated by the municipality. The amount disclosed were identified through the process of AFS preparation, thus the material difference identified. There was PPE infrastructure capitalised as funded by government and included as part of public contributions and donations.
Note 60.9	Fines, Penalties and Forfeits	1 321	-42%	Fines, penalties and forfeits received are not within the control of the municipality, thus the fluctuation between the budgeted figure and the actual amount.
Note 60.10	Department of Water and Sanitation billing adjustment	(82 154 265)	100%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next following year.
Note 60.11	Personnel	4 966 126	5%	The following reasons attributed mainly to the increase inpersonnel costs:- Resignations, retirement of employees, end of contracts ofemployees; - Overtime costs and acting allowances.
Note 60.12	Remuneration of councillors	(1 006 431)	-13%	The budget was based on anticipated inflation increase and determination of upper limts in the remuneration of councillors, projections may have been higher than actuals expected.
Note 60.13	Transfer payments - Other	(500 000)	-100%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next following year.
Note 60.14	Depreciation and amortisation	22 757 406	57%	The line item was over budgeted. Furthermore, depreciation is calculated at the end of the year and various corrections were made on PPE in the past two financial years thus the over budget for the depreciation.
Note 60.15	Impairment loss/ Reversal of impairments	(25 625 989)	100%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next following year.
Note 60.16	Finance costs	41 939 886	93%	The variance is mainly due to the increasing Eskom debt, Rural Free State debt and Department of Water Affairs accounts and pension fund outstanding balances, amongst others. The municipality is financially constraint and placed under administration and are not able to pay their creditors which impact interest on outstanding balances to be charged.
Note 60.17	Debt Impairment	184 132 511	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.18	Bad debts written off	(17 328 754)	-84%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.

Figures in Rand	2024	2023

59. Budget differences (continued)

Note 60.19	Bulk purchases	26 958 844	251%	The budget for bulk purchases was not in line with the actual spent. The budget was not correctly accounted for as it was under budgeted. This was due to weak budgeting processes which will be rectified in the next financial year.
Note 60.20	Transfers and Subsidies	21 555 415	-141%	The decrease was due to unspent conditional grants/amount withheld which was off-set against the Equitable share.
Note 60.21	Loss on disposal of assets	6 256 661	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.22	Fair value adjustments	1 553 391	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.23	Inventories losses/write-downs	52 381	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.24	Inventories	(994 109)	208%	There were more stock on hand in comparison with the budgeted figure as less stock items used and water stock were appropriately accounted for
Note 60.25	Other financial assets	(378 458)	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.26	Receivables from exchange transactions	14 295 550	-28%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.
Note 60.27	Receivables from non-exchange transactions	(28 703 052)	-112%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.
Note 60.28	Cash and cash equivalents	55 886 130	-98%	No provision was made in the budget for this line item. This will be rectified in the next financial year
Note 60.29	Investment property	32 063 618	-42%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.
Note 60.30	Property, plant and equipment	(110 445 018)	12%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.
Note 60.31	Intangible assets	2 500 000	-100%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.
Note 60.32	Other financial assets	222 287	-50%	The municipality anticipated to acquire software upgrades to the financial system of the municipality. Due to the financial constraints, the municipality was unable to fulfil the planned acquisition.
Note 60.33	Payables from exchange transactions	(1 180 630 391)	5 817%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next financial year.

59. Budget differences (continued)

Note 60.34	Consumer deposits	(1 277 118)	-226%	The budget was not accurately set. Incorrect base for the budget was used. The municipality is currently experiencing serious financial constraints and are not able to pay creditors impacting creditors to materially increase and significant amounts of interest charged. Furthermore, the municipality has been struggling with debt collection, thus were not able to settle their creditors.
Note 60.35	Employee benefit obligation	(999 768)	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year
Note 60.36	Unspent conditional grants and receipts	3 759 830	28%	The baseline used for the budget was incorrect. Prior year actual amount should have been used as a baseline. This will be rectified in the next financial year.
Note 60.37	Provisions	(1 952 395)	-80%	No provision was made in the budget for this line item. This will be rectified in the next financial year.
Note 60.38	Other current liabilities	-	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year
Note 60.39	Employee benefit obligation	(12 109 291)	100%	No provision was made in the budget for this line item. This will be rectified in the next financial year
Note 60.40	Provisions	(44 312 739)	-506%	No provision was made in the budget for this line item. This will be rectified in the next financial year
Note 60.41	Accumulated surplus	1 082 779 536	-98%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next following year.
Note 60.42	Actuarial gains	(236 545)	100%	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This will be rectified in the next following year.

60. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.