

MOGALAKWENA MUNICIPALITY

2023/2024

ANNUAL REPORT

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

It is my privilege to present the 2023/2024 Annual Report for the Mogalakwena Municipality as we reflect on the achievements and challenges of the past year. This document serves as a comprehensive overview of our collective efforts to enhance the quality of life for all residents and visitors in our vibrant community.

(a) Vision

“Thé Arterial City of Choice”

We want Mogalakwena to be a living proof that a better life is possible for all in South Africa, if only leaders apply themselves diligently to the task of governing prudently, in the interest of all.

(b) Key policy development

Our commitment to effective governance and sustainable development has driven key strategic objectives over the past year. From initiatives that promote efficient service delivery to policies fostering economic growth, we have strived to create a framework that aligns with the evolving needs of our community. Inclusivity and fairness remain at the forefront of our policymaking, ensuring that the benefits of our decisions are felt in every corner of Mogalakwena Municipality.

The key strategic objectives of Council are:

- Foster, regulate, maintain, and promote a sustainable environment
- Improve quality of lives through social development and the provision of effective community services
- Sound and efficient financial management
- Create inclusive and well-coordinated investment opportunities for the growth of the economy
- Coordinated, rational, regulated, and orderly land development and utilisation
- Improve efficiency of municipal infrastructure and provision of basic service
- Develop and implement integrated management and governance systems
- Ensure all stakeholders within the institution are adequately capacitated and retained

(c) Key Service Delivery Improvements:

A thriving municipality is built on the active involvement of its residents. This year, we have prioritized public participation as a cornerstone of our decision-making process. Through public meetings, online platforms, and stakeholder engagements, we have sought and received valuable input from our residents. Their feedback has been instrumental in shaping our policies and projects, reinforcing the importance of collaboration in building Mogalakwena that is inclusive, innovative and inspired.

(d) Public Participation:

A thriving municipality is built on the active involvement of its residents. This year, we have prioritized public participation as a cornerstone of our decision-making process. Through IDP meetings, online platforms, and stakeholder engagements, we have sought and received valuable input from our residents. Their feedback has been instrumental in shaping our policies and projects, reinforcing the importance of collaboration in building Mogalakwena that is inclusive, innovative and inspired.

(e) Future Actions

We recognize that the journey toward a sustainable and inclusive municipality is a continuous one. We will focus on further strengthening community engagement, harnessing innovative solutions to address emerging challenges and fostering partnerships that amplify the impact of our initiatives in the coming year.

Mogalakwena municipality has recorded an unqualified audit opinion for the 2023/2024 financial year which is a great improvement as compared to the previous financial years. an unqualified audit opinion which indicates that the Auditor General is of the opinion that the organisation practised good financial controls and that the financial statements submitted to the Auditor General.

(Signed by :) _____

Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The 2023/2024 Annual Report of Mogalakwena Municipality has been compiled as part of complying with the provisions of the Local Government: Municipal Systems Act, 32 of 2000, Section 46 (1) and (2), which stipulates that municipalities must prepare annual report for each year that reflect the municipality and each service provider's performance during the financial year. Furthermore, section 121 (1) of the Local Government: Municipal Finance Management Act 56 2003 states that each municipality must for each financial year prepare an annual report. The purpose of the annual report is to provide a record of all the activities that transpired in the financial year under review. Further, to provide a report on performance against the budget and to promote accountability to the local communities. further states that the annual performance report should form part of the municipality's annual report.

The Municipality continues focused on efforts to strengthen governance structures, through the review and adoption of policies, procedures, improving systems and implementing new regulations. The municipality is currently in processes of reviewing the organizational structure to improve the functionality and alignment to the Municipality's strategy and to promote service delivery.

The Municipality is mainly dependent on government grants and support. The total revenue received for the 2023/2022 financial year amounted to R 1. 68 billion, with a total expenditure of R 1.88 billion, resulting in a net deficit of R 192 million. Financial recovery plan and credit control measures will be intensified to improve the financial affairs of the municipality

The municipality obtained an unqualified audit opinion for the year under review. Unqualified opinion is an auditor's opinion that the financials are fairly presented, with the exception of a specified area.

The municipality remain committed to accountable and ethical governance with no tolerance towards corruption and/or fraud. Any indications of alleged misconduct by officials shall be reported for investigation and disciplinary actions will be instituted should the evidence suggest it.

Mogalakwena Municipality increased the number of households with access to sanitation by 500.11.4 km of roads were upgraded from gravel road to tar, 803 new households received weekly waste collection in the urban areas. Completion of 8 capital projects in various villages increase water provisions and improving life's of the community. We acknowledge the challenge of rural sanitation provision for the 2023/24 financial year, however significant progress and achievement will be reported in the 2024/24 financial year

The primary objective of the Expanded Public Works Programme (EPWP) is to offer temporary employment opportunities to a maximum number of unemployed residents. In line with this goal, the EPWP consistently brings about positive transformations for mogalakwena and its communities. During the 2023/24 period specifically, the EPWP created 190 temporary work opportunities.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal powers and functions

Section 155(1) of the Constitution states that a category B municipality is a municipality that shares municipal executive and legislative authority in its area with category C municipality within whose area it falls. Therefore, the Mogalakwena Local Municipality and Waterberg District Municipality have the right to administer the local government matters as listed in part B of schedule 4 and part B of schedule 5. These powers and functions are contained in the table below:

ASSESSMENT OF POWERS AND FUNCTIONS		
Service	Authority for the service	
	Local Municipality	District Municipality
Air pollution	✓	
Building regulations	✓	
Childcare facilities	✓	
Electricity reticulation	✓	
Fire fighting	✓	✓
Local tourism	✓	✓
Municipal planning	✓	✓
Municipal health services		✓
Municipal public transport	✓	✓
Storm water	✓	
Trading regulations	✓	
Water (Potable)	✓	
Sanitation	✓	
Beaches and amusement facilities	✓	
Billboards and the display of advertisements in public places	✓	
Cemeteries, funeral parlors, and crematoria	✓	✓
Cleansing	✓	
Control of public nuisance	✓	

ASSESSMENT OF POWERS AND FUNCTIONS		
Service	Authority for the service	
	Local Municipality	District Municipality
Control of undertakings that sell liquor to the public	✓	
Facilities for the accommodation, care, and burial of animals	✓	
Fencing and fences	✓	
Licensing of dogs	✓	
Licensing and control of undertakings that sell food to the public	✓	
Local amenities	✓	
Local sports facilities	✓	
Markets	✓	
Municipal abattoirs	✓	✓
Municipal parks and recreation	✓	
Municipal roads	✓	✓
Noise pollution	✓	
Public places	✓	
Refuse removal, refuse dumps and solid waste disposal	✓	✓
Street trading	✓	
Street lighting	✓	
Traffic and parking	✓	

POPULATION

According to Census 2022, the Mogalakwena Municipality consists of 49% of the Waterberg District's population with a total population of 378 198 and 109 294 households. The population growth rate is estimated at 2.1% in 2022.

Of the 378 198 residents of Mogalakwena Local Municipality, 95,7% are black African, 3,3% are white, 0,6% indian/asian, and with the coloureds making up the remaining 0,2%. Just over 52,3% of the population is female. Of those aged 20 years and above, 11,2% no formal schooling, 8,4% completed/have some primary education, 35,8% have some form of secondary education, 31,7% have completed matric, 8,7% have some form of higher education, and 8,7% have no form of schooling.

According to Census 2022, there are 17 525 households of which 42,3% have access to piped water in the yard, while only 20,2% of households have access to piped water in their dwelling, which is the lowest figure in the Waterberg District Municipality.

According to Census 2022, of the 78 647 economically active (employed or unemployed but looking for work) people in the district, 40,2% are unemployed. The unemployment rate of Mogalakwena is almost double that of the other municipalities in the district. This could be attributed to a reduction in mining activities in recent years.

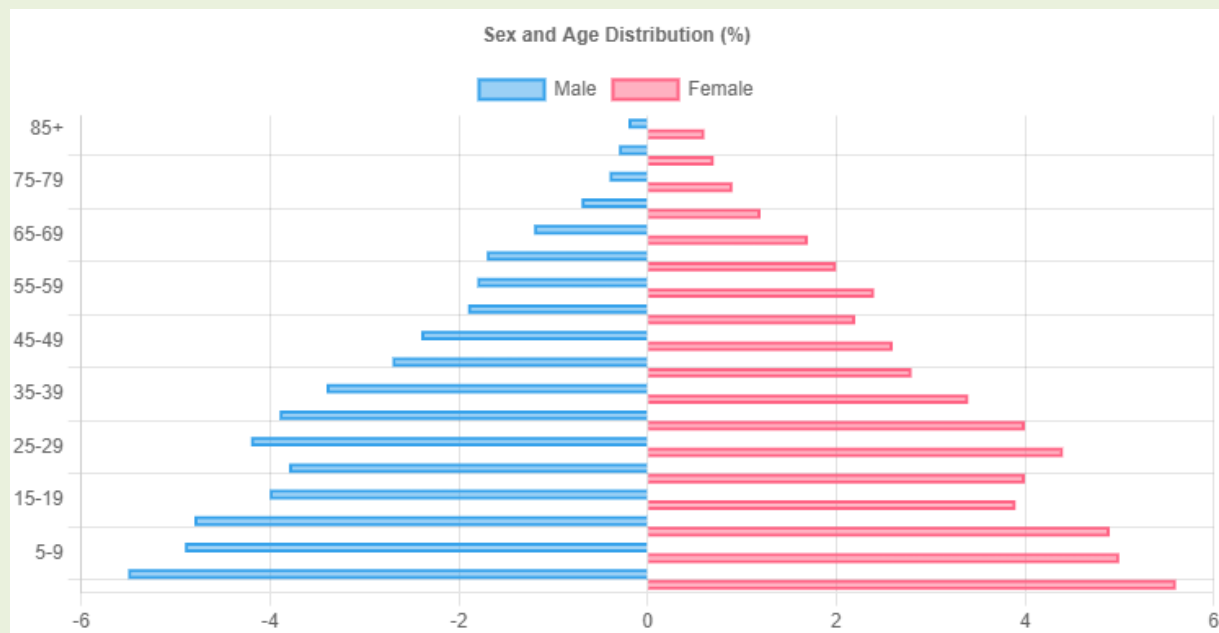
Of the 39 515 economically active youth (15–35 years) in the area, 51,7% are unemployed, which is also the highest in the district. Agricultural activities include farming of cattle, poultry, game, and citrus. Mining activities include platinum, clay (for bricks), granite, limestone, fluorspar, tin, and coal.

<u>Name</u>	<u>Status</u>	<u>Population</u> Census 1996-10-09	<u>Population</u> Census 2001-10-09	<u>Population</u> Census 2011-10-09	<u>Population</u> Census 2022-02-02
Mogalakwena	Local Municipality	281,284	298,439	304,585	378,198

Population trends

Name	2022	2011
Total population	378 198	304 585
Young children (0-14 years)	30,5%	34,3%
Working age population (15-64 years)	61,6%	58,3%
Elderly (65+ years)	7,8%	7,4%
Dependency ratio	62,3	71,5
Sex ratio	91,3	87,6
No schooling (20+ years)	11,2%	16,0%
Higher education (20+ years)	8,7%	8,2%
Number of households	109 294	78 632
Average household size	3,5	3,9
Formal dwellings	97,3%	94,0%
Flush toilets connected to sewerage	42,7%	27,9%
Weekly refuse disposal service	39,1%	27,1%
Access to piped water in the dwelling	36,2%	20,4%
Electricity for lighting	97,2%	91,8%

Age and gender distribution



The majority of the population is aged between 0 and 19 followed by those aged between 20 and 34, which suggests that the municipality is dominated by people who are both socially and economically active. In addition, the municipal area has a high dependency ratio due to the majority of the population aged between 0-19. However, the Municipality has to prioritize social programmes and projects which will be able to address the socio-economic needs of the people. For example, there is a need to increase the number and improve the quality of social amenities in the municipal area, preferably within the municipal growth points.

POPULATION BY RACIAL GROUP, CENSUS 2022

Name	Frequency	%
Black African	362 046	95,7%
Coloured	818	0,2%
Indian/Asian	2 161	0,6%
White	12 516	3,3%
Other	600	0,2%

Source: Statistics South Africa (Stats SA), Census 2022

POPULATION BY RACIAL GROUP AND GENDER, CENSUS 2011

POPULATION GROUP	MALES		FEMALES		TOTAL		2011 CENSUS
	NUMBER OF PERSONS	PERCENTAGE OF POPULATION	NUMBER OF PERSONS	PERCENTAGE OF POPULATION	TOTAL POPULATION	TOTAL POPULATION IN %	% OF THE POPULATION IN WATERBERG DISTRICT
Black African	147791	96.87%	168024	97.27%	315816	97.09%	42.35%
White	3567	2.34%	3654	2.12%	7221	2.22%	0.97%
Coloured	314	0.21%	185	0.11%	499	0.15%	0.07%
Indians	887	0.58%	868	0.50%	1755	0.54%	0.24%
Total Population	152559	100.00%	172731	100.00%	325291	100.00%	43.62%

Source: Statistics South Africa (Stats SA), Community Survey 2016

Number of households

According to Census 2022, the Mogalakwena Municipality consists of 49% of the Waterberg District's population with a total population of 378 198 and 109 294 households.

Number of wards

Settlements are dispersed across the municipal area as described before. Settlements are relatively small with an average 506 stands per village. The only clear deviation from this pattern is in the urban core where the settlements are large and clustered. The municipality has 32 wards in its area of jurisdiction.

Education profile

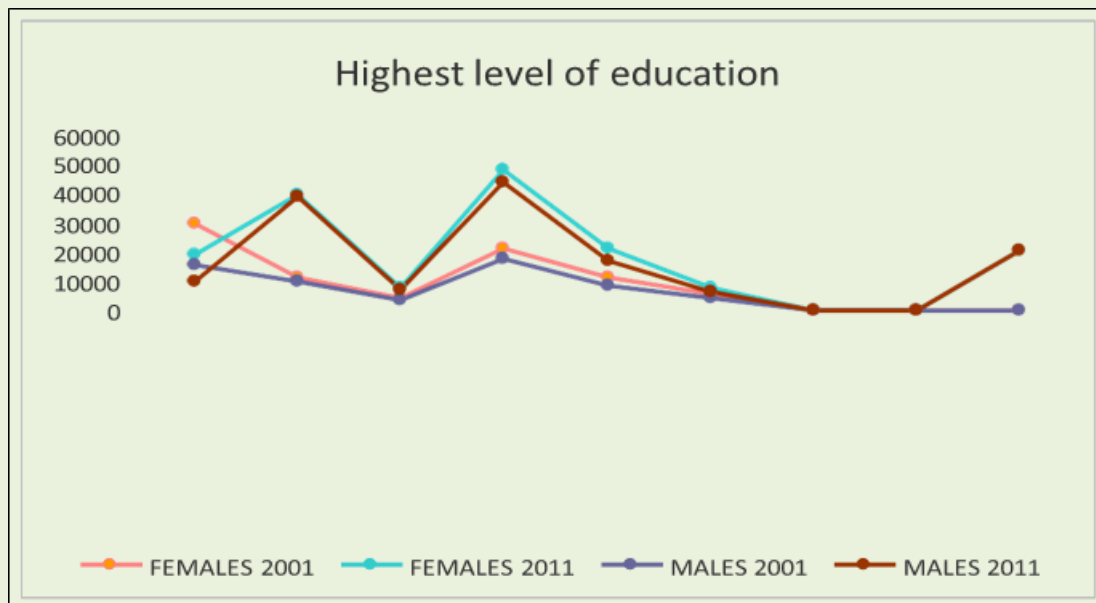
The figure below shows the number of people who had reached each level of education as presented in the Census 2022. Over the years there has been a steady decline in the number of persons who have not received an education. The percentage of persons with no schooling has decreased from 15% in 2001 to 9% in 2011, whilst those with education higher than grade 12, has increased from 3% in 2001 to 5% in 2011. Most of the individuals without schooling were females, but even so, their numbers have decreased from 18% to 11% in 2011. There is also an encouraging trend of more females attaining higher education.

TABLE 10: HIGHEST LEVEL OF EDUCATION, CENSUS 2022

Name	Frequency	%
No Schooling	23 852	11,2%
Some Primary	17 796	8,4%
Completed Primary	7 116	3,3%
Some Secondary	76 202	35,8%

Grade 12/Std10	67 442	31,7%
Higher Education	18 420	8,7%
Other	1 975	0,9%

Source: Statistics South Africa (Stats SA), Census 2022



Employment profile

One of the key social problems facing the Mogalakwena Municipality is poverty. Unemployment estimates in the Municipality vary between 45% and 70% of the economically active population (people between the ages of 15 and 64 years). Women, and especially rural women, form the greatest number affected by the lack of job opportunities as well as other social problems.

EMPLOYMENT STATUS, 2001 VS. 2011						
Gender	Employed		Unemployed		Not economically active	
	2001	2011	2001	2011	2001	2011
Female	16 345	21 358	19 172	17 833	56 353	59 600
Male	20 744	25 679	14 526	13 777	37 919	51 396

Income categories

To determine the living standards of people as well as their ability to pay for basic services such as water and sanitation, the income levels of the population are analyzed and compared to the income levels of Limpopo. In the table below the distribution of the households per income group in the Mogalakwena Municipality is shown. The table confirms that general education levels are low, as income earned by low-skilled labourers is lower than income earned by highly skilled workers. Since the education levels are low, the income that is earned is concentrated in the lower brackets, which suggests that the general population is poor. In addition, the table shows that there is a significant number of people who have no income. This confirms that poverty is a major problem in the municipal area.

TABLE 13: ANNUAL HOUSEHOLD INCOME

Number of residents per income type	No income		R1 - R400		R401 - R800		R801 - R1 600		R1 601 - R3 200		R3 201 - R6 400	
	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
	1 028	132 367	7 158	83 069	8 135	8 658	7 240	41 578	6 146	10 729	4 958	7 126
	R6 401 - R12 800		R12 801 - R25 600		R25 601 - R51 200		R51 201 - R102 400		R102 401 - R204 800		R204 801 or more	
	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
	1 711	6 660	466	4 110	144	975	65	229	18	149	11	120

Source: Statistics South Africa (Stats SA), Census 2011

Unemployment rates

According to Census 2011, of the 78 647 economically active (employed or unemployed but looking for work) people in the district, 40, 2% are unemployed. The unemployment rate of Mogalakwena is almost double that of the other municipalities in the district. This could be attributed to a reduction in mining activities in recent years.

People with disabilities

The table to follow indicates the number of people with disabilities. The majority of the disabilities relates to physical disability.

TABLE 14: NUMBER OF PEOPLE WITH DISABILITIES

Type of disability	Census 2001	CS 2007
Communication	554	1 033
Emotional	2 222	2 449
Hearing	2 743	1 193
Intellectual	1 566	1 012
Multiple disability	1 735	128
Physical	3 839	3 941
Sight	4 804	1 845

Source: StatsSA census 2001 and Community survey 2007

1.3. SERVICE DELIVERY OVERVIEW

Municipalities are the third and local sphere of government and their functions are closest to local communities. Their mandate is prescribed in schedule 4B and 5B of the Constitution Act, 1996 (Act 108 of 1996) and are tasked mainly with the development and provision of basic municipal services to all their communities.

Electricity: The municipality was not allocated with budget for electrification of villages in the 2023/2024 financial year. Electrical services focused on combating illegal connection and loss control:

- 1053 Electricity meter audits conducted to combat illegal connections.
- Electricity loss for the year is 23%

Roads and storm water: In its quest to improve roads and infrastructure and to promote ease of transportation within Mokopane town, the municipality focused on the construction, upgrade and maintenance of the road and storm water infrastructure network. This included upgrading of gravel residential roads to paved roads focusing on previously disadvantaged villages, maintenance of tarred and gravel roads to prevent deterioration of existing infrastructure. In this regard, the following milestones were achieved:

- 4803,89m² of road patched;
- 11.4km km roads were paved/tared;
- 384,68km road bladed
- 1739,97m³ of stormwater drainage systems were maintained

Water and Sanitation: The municipality has duty to provide water and sanitation services to ensure efficient, affordable, economical, and sustainable to the community. Mogalakwena have partnered with the private sector in a public-private partnership to build and develop a water treatment plant that will increase capacity and address the water and sanitation crisis in our jurisdiction

The municipality made impressive progress by completing a total number of eight(8) water projects which largely increased the provision of water in the Fothane/ Mmamala Parakisi, Sekgakgapeng/Khala Ground, Bakenburg, Taolome, Segole, . 500 VIP toilets were completed in various in Tenerife, Daggakraal, Rietfontein, Makekeng, and Ga-Chokoe

Waste Management: The main objective of waste management is to ensure the protection of the environment through effective waste management measures. Waste collection is done on a weekly basis from the township, RDP settlements, town and all the business and industrial premises. Residences of Mahwelereng, Extension 14, 19 and Rebone have been

given the 240l trolley bins for temporary storage of waste prior to disposal, while the residences of Extension 20 use the 1750m³ bulk containers.

A total of 17053 households receives weekly kerb-side waste removal services in formal areas. Waste collection services are also rendered in the peri-urban areas through the Expanded Public Works Programme.

Free Basic Services: Free basic municipal services are services provided at no charge by the Government to poor households. The services currently include water; waste; cemetery and electricity. The municipality is committed to provide free basic services to communities; 6Kl water and 50 KWH electricity, 500m² of refuse and 500m² of sewerage per month to indigent's members of the community.

The municipality 2640 indigents households with free basic services and the amount of R6 037 651.41 was in providing services.

1.4. FINANCIAL HEALTH OVERVIEW

The comparison between the budget and actual results as reflected in the Statement of Financial Performance in the Annual Financial Statements were as follows:

Financial Overview – 2023/2024			
R' 000			R' 000
Details	Adjusted budget	Actual	Variance
Operating Income	1 946 702.85	1 689 499.12	(257 203.73)
Less Operating Expenditure	1 561 941 .98	(1 882 220. 92)	(320 278.02)
Surplus/ deficit	384 760 872	(192 721 788)	(192 039 084)
* Note: surplus/ (- deficit)			

The municipality recorded a deficit of R192 721 788 from its operations for the year as depicted from the financial performance for the year ended 30 June 2023.

The **operating income** increased in total by 11% from R1 505 344 597 of 2022/2023 to R1 689 499 127 of the 2023/2024 financial year.

Government grants and subsidies is the biggest source of income for the municipality, amounting to **R 1 043 679 538**. This amount also included capital grant income.

Service charges are the second income source, amounting to **R 388 272 233** for the 2023/24 financial year. It is reflecting an increase of **21%** from the previous year and a detailed analysis of the various services are discussed later in this report.

Assessment rates for the 2023/24 financial year amount to R 96 833 172.

The **Operating Expenditure** increased by **29%** from R1330 256 636 in the 2022/2023 to R1 882 220 915 in 2023/24, as reflected in the Statement of Financial Performance in the Annual Financial Statements.

The **Total Cash and Cash Equivalents** at the end of the financial year decreased by 7% from R40 323 543 on 30 June 2023 to R 12 343 115 **on 30 June 2024**.

Operating Ratios	
Detail	%
Employee Cost	20%
Repairs & Maintenance	2.3%
Finance Charges & Depreciation	1%

The 'employee costs', Repairs and maintenance and 'finance charges and depreciation are within the expected norms of 30, 10 and 20% respectively.

1.5. AUDITOR GENERAL REPORT

Mogalakwena Local Municipality has obtained unqualified audit opinion with findings. The municipality's audit opinion has improved as compared to the previous financial year.

Material losses- electricity

As disclosed in note 40 to the financial statements, material electricity losses of R66 623 272 (2023: R60 821 491) was incurred, which represents 22% (2023: 25%) of total electricity purchased. Distribution losses relating to electricity are due to illegal connection.

Material losses- impairment

As disclosed in note 42 to the financial statements, material losses were incurred as a result of a write-off of irrecoverable trade debtors.

Significant uncertainties

With reference to note 48 of the financial statements, the municipality is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

As disclosed in note 60 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Other matters

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

The supplementary information set out on pages does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

1.6. STATUTORY ANNUAL REPORT PROCESS

NO	ACTIVITY	TIME FRAME
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit Annual Performance Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Auditor General audits the Annual Report including Annual Financial Statements and Performance data	November-March
9	Municipalities receive and start to address the Auditor General's comments	November
10	Develop the 2023/2024 Annual Report	March
11	Mayor tables Draft Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Draft Annual Report is submitted to Auditor General and other stakeholders	February
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assesses Annual Report	March
15	Council adopts Oversight report	
16	Oversight report is made public	April
17	Oversight report is submitted to relevant stakeholders	

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE




2.1 POLITICAL GOVERNANCE

The municipal council was established guided by section of the Municipal Structures Act 117 of 1998. The municipality consists of 63 councilors (31 Proportional representative councilor's and 32 Ward councilors')



Cllr. N.S Taueatwala - ANC
The Mayor and Chairperson
Of the Executive Committee

		
Cllr. MR MAEPA EFF-PR Portfolio Committee Head: Community Services Portfolio	Cllr. M.M Senoamadi-ANC Portfolio Committee Head: Technical Services	Cllr. M.T. LEBESE - ANC Portfolio Committee Head: Planning and Development Services
		
Cllr. M.S. - ANC Portfolio Committee Head: Corporate Support Services	Cllr. R.G. Selemela ANC-Ward Portfolio Committee Head: Finance Services	Cllr. T.E MASHABANE – ANC Portfolio Committee Head: Electrical Services

		
Cllr. M.D. Hlonyana – ANC Portfolio Committee Head: Traffic and Emergency Services	Cllr. Y COETZE- DA EXCO member	Cllr. K.J MALULEKE EFF EXCO member

In terms of section 29 (1) of the municipal structures the speaker of a municipal council to decides when and where the council meets subject to section 18(2), but if a majority of the councillors requests the speaker in writing to convene a council meeting, the speaker must convene a meeting at a time set out in the request. The council has the municipal standing rules to monitor the attendance of the council.

The following council meetings were held during 2023/2024 financial year:

Council	Number of meetings held
Ordinary council	4
Special council	4

The adoption of the delegation of powers system necessitated the establishment of Section 79 Committees, which are political structures envisaged in the Municipal Structures Act, to monitor, evaluate and conduct oversight on the performance of the executive committee and the departments. Council's legislative functions are therefore exercised through these committees which are representative of all political parties in the council.

This system is supported through proper delegation of powers, thereby ensuring that the respective role-players are able to execute their respective mandates without fear or favour.

Executive committee

The municipal council has established the mayoral executive committee in terms of section 79 of the Municipal Structures Act 117 of 1998; The Executive committee consists of nine (9) Members of which the Mayor of the municipality is the chairperson.

Executive Committee meetings were held as indicated on the table below. These meetings assisted the councillors in understanding items in depth before they were discussed at council level thus making it easier for them to play their oversight role by taking informed decisions.

The Municipal Finance Management Act 56 of 2003 chapter 7 and 8 guides in terms of responsibilities of both politicians and officials.

The following Executive Committee meetings were held during the 2023/2024 financial year:

Meetings	Number of meetings
Ordinary Meetings	6
Special Meetings	4

The committees that assist the Executive Committee in terms of section 80 of the Municipal Systems Act are as follows:

1. Portfolio committees

Established to assist the Executive Committee of the municipality in execution of programmes and plans. The municipality consists of nine (9) portfolio committees namely:

The portfolio committees consist of the following members:

PORTFOLIO	CHAIRPERSON	COUNCILLORS
1. Special Projects	C W Hlako	M M Rapatsa F J Shadung M G Monama N J Maseko M J Shikwane D M Mphaho
2. Traffic & Emergency Services	MD Hlonyana	P S Mabe E T Setsiba K J Maluleka M O Maartens
3. Community Services	M R Maepa	M B Baloyi K A Sebele L J Molefe M O Maartens DP Langa PJ Mogetle Y Coetzee
4. Finance	R G Selemela	H J Nkhona M R M Ngwenya M S Meteleni H P Makhubela D M Mphaho S C Majoko
5. Corporate support services	M S Tefu	M R Kekana

		M J Ncube T M Nkgapele T N Malebana P J Mogotle D M Mphaho CM Kgomo
6. Technical services	M M Senoamadi	M E Dolo L S Marakalala M P Marakalala T G Nxube L P Molekoa K L Mmangokoane Y Coetzee
7. Planning & developmental services	M T Lebese	R V Manganyi P J Ngoepe M C Matlou M J Shikwane D Patleswane R M Boya
8. Electrical services	TE Mashabane	R S Ledwaba C N Marakalala T H Maponya S Alberts D Patleswane
9. Rules	P L Olifant (Speaker)	M A Tsebe M J Molebale P Molekoa S Alberts R M Boya
10. Local Labour Forum		M S Tefu S C Majoko M J Molebale

The following Portfolio committee meetings were held in 2023/2023 financial year:

PORTFOLIO	NO. OF MEETINGS HELD
Corporate Support Services	17

Technical Services	5
Finance	13
Special Projects	0
Electrical Department	5
Planning and Developmental services	15
Community Services	10
Traffic and Emergency Services	6
Rules	3
LLF	5

Municipal Public Accounts Committee

The Municipal Public Finance Committee was established in terms of section 79 of the municipal structures act 117 of 1998 to assist the council and executive committee to perform their functions effectively to ensure good governance in the municipality.

The Municipal Public Accounts Committee provides oversight reports on issues raised on the annual report and the financial statements as required by section 129 of the Municipal Finance Management Act 53 of 2003.

The Municipal Public Accounts Committee consists of the following non-executive members:

TABLE 55: MPAC MEMBERS	
	Name of Councillors:
1.	Cllr. L.K Satege (Chairperson)
2.	Cllr. M.J Gumede
3	Cllr. K.S Ramela
4	Cllr. E Wiid

5	Cllr. R.P Sebatjane
6	Cllr. L.E Matlou
7	Cllr. M.J Boshomane
8	Cllr. L.E Laka
9	Cllr. R.M Boya
10	Cllr. K.S Majadibodu

The total number of MPAC meeting held during the 2023/2024 financial year is 4.

Performance and Audit Committee

The Performance Audit and Audit Committees are established guided by section 166 of the Municipal Finance Management Act no. 53 of 2003 to advice the municipal council, accounting officer and the management staff on matters relating to:

- Internal financial control
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting and information
- Performance management
- Effective governance

- Performance evaluations
- Compliance with legislations
- Audit investigations

The total number of 5 audit committee and 5 performance audit meeting were held during 2023/2024 financial year

The following members have be appointed as audit and performance committee:

Name	Chairperson (Yes/No)	Qualifications
SAB Ngobeni	Yes	<ul style="list-style-type: none"> • Master in Business Administration (MBA) • Master in Commerce (Taxation) • Professional Accountant (SA) (SAIPA) • Registered Government Auditor (RGA) • SA Tax Professional (SAIPA) • B.Compt Honors (CTA) • B.Com (Accounting) • Higher Diploma in Computer Auditing • Certificate in Mining Taxation • Certificate Project Management • Certificate in Labour Relations Certificate in Portfolio Management and Investment Analysis
PR Mnisi	No	<ul style="list-style-type: none"> • Bachelor of Law (LLB) • Certificate in Compliance Management"
TG Nevhutalu	No	<ul style="list-style-type: none"> • CA(SA) –Chartered Accountant • Post Graduate Diploma in Accountancy • Bcom in Accounting"

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality's administration is led by the Municipal Manager and there are eight departments which are named below. Each department is led by a section 56 manager who reports directly to the Municipal Manager.

Chapter 7 Section 55 of the Municipal Systems Act has it that the Municipal Manager as head of administration is subject to the policy directions of the municipal council, responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration.

The Municipal Manager chaired Executive Management meetings where all section 56 managers, Deputy Managers, Chief Internal Auditor, and Chief Operations Officer are attending.

The table below shows the roles and responsibilities that were played by different departments:

Table: Institutional overview

DEPARTMENT	OVERVIEW	SUB-FUNCTION
CORPORATE SUPPORT SERVICES	<ul style="list-style-type: none">Corporate Support Services plays a vital role in the performance and developmental role of Mogalakwena Municipality as it provides a supportive function to all departments, council, executive committee, portfolios, councillors and officials.	<ul style="list-style-type: none">Legal ServicesInformation TechnologyHuman ResourcesCouncil SecretariatProperty ManagementSupport Services
TECHNICAL SERVICES	<ul style="list-style-type: none">Planning, provision and maintenance of water and sanitation infrastructure, including roads, stormwater and building.	<ul style="list-style-type: none">Water and SanitationRoads and StormwaterBuilding inspectorate and PMU
ELECTRICAL SERVICES	<ul style="list-style-type: none">To provide an effective electrical service to all consumers of the municipality ensuring that all networks are well maintained and that new projects are being completed to acceptable standards and within set time frames.To further ensure that all communities have access to electricity.	<ul style="list-style-type: none">New ProjectsMaintenance, Metering and Loss ControlPublic lighting
TRAFFIC AND EMERGENCY	<ul style="list-style-type: none">Traffic and Emergency Services is responsible for municipal emergency services, regulate traffic and licensing services.	<ul style="list-style-type: none">SecurityTrafficFireLicences

DEPARTMENT	OVERVIEW	SUB-FUNCTION
DEVELOPMENTAL SERVICES	<ul style="list-style-type: none"> Developmental Services is responsible for developing an Integrated Development Plan that facilitates economic growth, alleviate poverty and addresses basic needs through an inclusive stakeholder-driven process and further ensures proper control of spatial planning and land use management within the municipal area. It finally provides support in the monitoring of the provision of quality and adequate housing and rural sanitation to residents of the municipality. 	<ul style="list-style-type: none"> Integrated Development Planning (IDP) Local Economic Development and Tourism Planning Housing
FINANCE DEPARTMENT	<ul style="list-style-type: none"> Finance Section is responsible for ensuring the smooth running of finances, assets, investments and liabilities of the municipality. 	<ul style="list-style-type: none"> Budget and Treasury Income Expenditure Supply Chain Management
COMMUNITY SERVICES	<ul style="list-style-type: none"> Community services is responsible for municipal waste management, environmental health, parks and recreational and library services. 	<ul style="list-style-type: none"> Waste Management Environmental Health (Municipal Health Services) Parks and Recreational Services



Mr MM MALULEKA
Municipal Manager

			
Mr KA Kulungwana Chief Financial Officer	Ms. BC Radipabe Manager: Planning and Development Services	Mr. ML Mashishi Manager: Community Services	Ms. Pumla Dilinga Manager: Traffic and Emergency
			
Mr M Moakamela Manager: Corporate Support Services	Mr. T Hlabangwane Manager: Electrical Services	Mr. D Dliwayo Manager: Technical Services	

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 INTERGOVERNMENTAL RELATIONS

The Constitution declares that government is comprised of National, Provincial and Local spheres of government which are distinctive, interdependent and interrelated. According to the Constitution of the Republic of South Africa, Act, No.108 of 1996, Section 41 (2), an Act of Parliament must establish or provide structures and institutions to promote and facilitate Intergovernmental Relations and provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

Provincial Intergovernmental Structure

The Mogalakwena Municipality participates in the Premiers Inter-Governmental Forum (P-IGF) that is comprised of the Premier as the chair, Members of the Executive Council and all the Mayors supported by their heads of departments and Municipal Managers. Through the P-IGF both the provincial and local sphere of government are able to inform and take decisions on policy and development issues that emanate from national, provincial and local government level. The P-IGF discussed the implementation of the Limpopo Employment Growth Development Plan. Mogalakwena Municipality as a Provincial Growth Point participates in the forum to discuss and integrate development plans between the province and the municipality.

District Intergovernmental Structure

Beside the P-IGF the municipality participates in forums established in the Waterberg District Municipality. The established forums are important for the purpose of integrated development planning and the strengthening of governance processes within the District. The Mogalakwena Municipality participate in the following intergovernmental relations forums:

(i) Mayor's Forum

Mayor's Forum brings together Mayors and Executive Mayors to interact on issues of common interest.

(ii) Municipal Manager's Forum and other technical forum

Municipal Manager's Forum seeks to create a platform for all Accounting Officers to share and interact on issues of common interest. Municipal managers attend these meetings.

(iii) IDP/PMS Manager's Forum:

This forum is mainly facilitated through the district IDP/PMS Office. The objective of this structure is to bring all the PMS and IDP managers in the district together to share information on common issues.

The establishment of municipal IGR forums within the district has positive yields but there are still some challenges to accelerate service delivery.

The following forums are held in the municipality in which the municipality participates:

- Waterberg District Municipality IDP Representative Forum
- District IDP Managers Forum
- LED Forum
- Limpopo Development Planning Forum
- Mayor's Forum
- Speaker's Forum
- Municipal Managers' Forum
- CFO's Forum
- Provincial Sanitation Task Team
- District Economic Planning Development Forum
- District and Provincial Energy Forum
- Waterberg Environment Biodiversity Conservation Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 152 (1) (e) of the Constitution of RSA encourages Local Government to involve communities and community organisations in matters of Local Government. Section 16 (1) (a) of the Municipal Systems Act encourages Municipalities to create conditions for the local community to participate in the affairs of the Municipality

Communities within Mogalakwena Municipality play a vital role to ensure accountability in municipal affairs. Through established ward committee system and scheduled IDP/Budget/PMS community participation processes, Council is accountable to the community.

Mechanisms for participation

The following mechanisms for participation will be utilised:

(i) Media

National and local newspapers, local radio stations, and the Municipal newsletter will be used to inform the community of progress made with the IDP.

(ii) Website

The municipal website (www.mogalakwena.gov.za) will be utilised to communicate and inform the community. Copies of the IDP and Budget will be placed on the website for people and service providers to download.

(iii) Traditional Authorities and Municipal SDA Offices

Copies of the IDP and Budget will be distributed to all tribal offices within the municipality and all municipal service delivery areas.

Procedures for participation

The following procedures for participation were utilized:

IDP Representative Forum (IDP Rep Forum)

The forum consists of members representing all stakeholders in the municipality. Efforts are made to bring additional organisations into the IDP Rep Forum and ensure their continued participation throughout the process. The IDP Representative Forum is the structure which institutionalises and guarantees representative participation in the IDP process.

Members of the Representative Forum include:

Chairperson: Mayor or nominee
Secretary: Municipal Manager/Manager Planning & Development Services
Members: Exco. members, councillors, traditional leaders, ward committee representatives, heads of sector departments, private sector, CBOs, NGOs, youth, women, disabled communities, parastatals, municipal trade unions and CDWs.

The Forum is responsible for:

- Representing the interest of their constituents in the IDP process.
- Providing an organisational mechanism for discussion, negotiation and decision- making between the stakeholders and the municipality.
- Ensuring communication between all the stakeholder representatives.
- Monitoring the performance of the planning and implementation function.

The IDP Representative Forum of Mogalakwena Municipality is functional and is scheduled to meet at each phase of the adoption of the IDP in terms of the municipal process plan determined by Council.

2.4 PUBLIC MEETINGS

Communication is an important element of good governance. It is through communication that the communities and other stakeholders are informed about the activities of the municipality, and thereby getting empowered to participate in the affairs of the municipality. Section 18 of the Municipal Systems Act stresses the importance of communication between the Council and its communities. It gives guidelines of issues that the municipality must communicate about to its community. Over the years the municipality has utilised different strategies to encourage community participation. This included programmes of mobilising, informing and educating, engaging and empowering communities in municipal affairs.

Furthermore, the IDP/Budget/PMS public participation processes, the municipality involves the community on targeted consultations at ward level, with interested and affected stakeholders (Magoshi, business, etc) and through the IDP/Budget /PMS Rep Forum. Other methods used to communicate with the community include media briefings and utilization of the website. Over and above acquisition and confirmation of needs, the Rep Forum meeting serves as a platform for Mogalakwena Municipality to engage the different stakeholders during the different stages of the IDP Process as a built up towards the approval of the future budgets, reports on performance on current and past financial years' activities.

The table below reflects the various phases and timeframes for the IDP, Budget and PMS progress implementation:

IDP phase	Deliverable	Co-ordinating/ responsible department	Timeframe
Preparation phase	Develop draft 2024/2025 IDP, Budget and PMS Process Plan	Planning and Development Services	13 July - 04 August 2023
	Alignment with WDM framework for IDP	Waterberg District Municipality	25 - 26 July 2023
	WDM District IDP & PMS Managers Meeting	Waterberg District Municipality	25 - 26 July 2023
	Advertise Draft IDP, Budget & PMS Process Plan for public comments	Planning and Development Services	18 July 2023 - 11 August 2023
	First IDP/Budget and PMS Steering Committee	Mayor and Municipal Manager	15 August 2023
	WDM District Municipal Manager's Forum	Waterberg District Municipality	08 August 2023
	First IDP Representative forum	Planning and Development Services	17 August 2023
	First District IDP Representative forum	Waterberg District Municipality	21 August 2023
	Table Draft 2024/2025 IDP, Budget and PMS process plan to council	Mayor and Municipal Manager	29 August 2023
	Give notice to the local community of particulars of the Process Plan	Planning and Development Services	30 August 2023 - 15 September 2023

IDP phase	Deliverable	Co-ordinating/ responsible department	Timeframe
Project phase	Mid-year budget and performance assessment visit by Provincial Treasury	Limpopo Provincial Treasury	January - March 2024
	Project identification	Planning and Development Services	09 - 17 January 2024
	Task team consultation	Planning and Development Services	17 - 23 January 2024
	Report on the Mid-Term performance of the SDBIP	Office of the Municipal Manager	23 January 2024
	Table the Draft Annual Report to council	Office of the Municipal Manager	23 January 2024
	Consolidation and alignment	Planning and Development Services	24 - 31 January 2024
	District IDP Engagement Session	COGHSTA, OTP and WDM	16 February 2023
	WDM District Municipal Manager's Forum	Waterberg District Municipality	06 February 2024
	Make the Annual Report public	Office of the Municipal Manager	17 February 2024
	Third IDP/Budget and PMS Steering Committee	Mayor and Municipal Manager	15 February 2024
	Strategic Planning session (Waterberg District Municipality)	Waterberg District Municipality	04 - 06 March 2024
	WDM District IDP & PMS Managers Meeting	Waterberg District Municipality	19 February 2024
	Third IDP Representative Forum	Mayor and Municipal Manager	14 March 2024
	Special IDP/Budget and PMS Steering	Finance/Planning	20 March 2024

IDP phase	Deliverable	Co-ordinating/ responsible department	Timeframe
Project phase	Committee for draft 2024/2025 budget		
	Third District IDP Representative Forum	Waterberg District Municipality	15 March 2024
	Table Draft 2024/2025 IDP & Budget to Council	Mayor and Municipal Manager	26 March 2024
	Approval of the Oversight Report	Office of the Municipal Manager	26 March 2024
	WDM District IDP & PMS Managers Meeting	Waterberg District Municipality	24 - 26 April 2024
	WDM District Municipal Manager's Forum	Waterberg District Municipality	23 April 2024
	IDP/Budget Mayoral roadshow	Mayor and Steering Committee	10 - 30 April 2024
	Budget and benchmark assessment visit by Provincial Treasury	Limpopo Provincial Treasury	April - May 2024
	Screening, alignment and consolidation of inputs from communities	Planning and Development Services	02 - 08 May 2024
Approval phase	Fourth IDP/Budget and PMS Steering committee	Planning and Development Services	09 May 2024
	Consolidation and alignment	Planning and Development Services	09 - 13 May 2024
	Fourth IDP Representative Forum	Mayor and Municipal Manager	14 May 2024
	Special IDP/Budget and PMS Steering Committee for Final 2024/2025 IDP and Budget	Finance	16 May 2024

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.5.1

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The municipality has developed a risk management policy and risk management strategy to direct the municipality's risk management priorities. Line management is responsible for identifying, evaluating, and managing risks in their respective departments, with technical and operational support provided by the municipality's risk management unit. The risk management unit also maintains the consolidated municipal risk register and reports thereon. The risk registers documents both internal and external risks that may impede the achievement of the goals expressed in the IDP and SDBIP and mitigating actions to manage those risks.

Risk Management Committee

The municipality has established a Risk Management Committee to assist the Accounting Officer and the Audit Committee in executing their respective responsibilities concerned with risk management.

The municipality has the following top 10 risks which are being monitored on quarterly basis.

#	Risk Category	Risk description	Root Causes	Risk Mitigation Plan
1	Human resources	Inconsistencies in the performance management reporting process	Late and inadequate submission of portfolio of evidence (e.g. PMS reporting template / progress reports not signed) PMS not cascaded to lower levels	Implementation of the approved performance management framework and standard procedure manual. Table an item to council for cascading down of PMS to Divisional Head Level (level 3).
2	Information technology	Non - alignment of IT infrastructure, activities, initiatives to the Municipality's short and long-term objectives	No ICT strategy Inadequate budget for the implementation of the ICT strategy.	To develop the Information and Communications Technology ICT strategy/Master Systems Plan (MSP) Tabling of the ICT strategy/Master Systems Plan (MSP) to Council for approval

				Implementation of the ICT strategy/Master Systems Plan (MSP)
3	Loss \ theft of assets	Deteriorating and aging infrastructure (e.g. electrical infrastructure, roads infrastructure, testing ground)	<p>Minimal maintenance of water, sanitation, roads and storm water infrastructure.</p> <p>Non implementation of roads and storm water master plan as well as the water master plan due to inadequate budget</p> <p>Minimal maintenance of electrical infrastructure</p> <p>Minimal maintenance of libraries, cemeteries, parks and recreational facilities.</p> <p>No buildings maintenance plan</p> <p>Inadequate testing grounds and aging infrastructure</p>	<p>Development of Roads and Storm water maintenance plan</p> <p>Development of the water maintenance plan</p> <p>Implementation of the roads and storm water masterplan</p> <p>Ad-hoc maintenance of infrastructure on water and sanitation.</p> <p>Development of the Electricity maintenance plan / energy master plan with the assistance of DBSA.</p> <p>Review the draft maintenance plan for community services infrastructures in order to cater for maintenance of libraries and cemeteries.</p> <p>Technical service department to develop the maintenance plan for municipal buildings</p> <p>Implementation of the buildings maintenance plan by technical services and corporate support</p>

				services departments. Upgrading of the existing testing ground
4	Spatial development	Invasion of land by the community (Urban and Rural)	<p>Uncoordinated human settlements leading to informal settlements.</p> <p>Immigration arising from high economic activities</p> <p>Lack of funding for the demarcation of sites in areas under the control of Tribal authorities.</p> <p>No Spatial Development Framework</p>	<p>Bi-annually issue a notice in the Local Newspaper to inform residents of Mogalakwena Municipality about land invasions and the availability of vacant stands</p> <p>Township establishment on extension 15, portions of portion 80 of the Farm Piet Potgietersrus Town and Townlands 44ks.</p> <p>Request support (funding) from CoGHSTA and other stakeholders to assist with the town planning processes for demarcation of sites in areas under the control of Tribal authorities.</p> <p>Finalise the review and development of the municipal SDF and LUS for enforcement.</p> <p>Enforcement of the adopted municipal SDF and LUS.</p>
5	Safety and security	<p>Vandalism and theft of municipal assets:</p> <p>Electrical Vandalism and theft of transformers, electricity</p>	<p>Inadequate security services</p> <p>Inadequate monitoring of SLA's</p>	<p>Installation of CCTV cameras</p> <p>Establish a Theft and Loss committee.</p>

		equipment and cables Technical services Vandalism and theft of water meters and pumps Community services vandalism and theft of council property - parks, cemeteries, sports and recreational facilities	between the municipality and the security service providers.	
6	ICT	Prolonged business and service delivery disruption	No ICT business continuity plan.	Development of the ICT business continuity plan and disaster recovery plan To table the draft ICT business continuity plan and disaster recovery plan to council for approval. Implement the ICT business continuity plan and disaster recovery plan.
7	Occupational health	Occupational injuries and disease	Minimal/non-compliance to OHS /COID Act and other relevant prescripts (e.g., evacuation plan, servicing of fire equipment, maintenance of ablution facilities and building etc.)	PPE is provided to municipal officials, however, the supply does not meet the demand due to budget constraints Fire extinguishers and hose pipes are affixed on all municipal buildings. Fire doors are installed in the Civic centre (new building) and Lleka Lekalakala building only
8	Code of conduct	Code of conduct not operationalised	Code of conduct not properly communicated Unbecoming organisational culture and Ill-	Implementation of the code of conduct calendar by communicating the Code of conduct to municipal officials through workshops.

			disciplined staff	Table the draft induction manual to council for noting. Implementation of the consequence management
9	Organisational development	Non-alignment of organogram and strategy of the Municipality	Outdated organisational structure Non filling of funded vacant critical positions.	Table the reviewed organisational structure for council for approval. Implementation of the approved organogram Filling of funded strategic positions as a matter of urgency (Manager Technical Services, Manager Electrical Services and Traffic & Emergency Services).
10	Audit outcome	Unfavourable Audit Opinion	Non implementation of internal audit and AGSA recommendations and action plans Inadequate procurement and contract management (Lack of capacity / skills by SCM officials). Non / late submission of credible Annual Financial Statements to the Audit Committee, AGSA, Council and Treasury (Lack of capacity and adequate skills to prepare the AFS in	Regular audit steering committee meetings to evaluate / monitor the progress on the implementation of the action plans Bi-Annually conduct training for SCM officials (By relevant stakeholders) Training of Budget and Treasury officials by Provincial Treasury on preparation of AFS and legislative prescripts. Preparation of Bi-Annual financial statements. Conduct meter audits

			the finance department) Unfunded budget	Implementation of the FRP to improve debt collection.
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2.7 ANTI-CORRUPTION AND FRAUD

The Anti-Corruption and Fraud Strategy was developed and approved by Council. The Policy applies to all fraud, corruption, theft, maladministration or suspected irregularities of similar nature involving all employees of the municipality, Councillors, consultants, suppliers, contractors and other providers of goods or services to the Municipality and communities and other parties receiving benefits from the and employees of donors/clients/stakeholders.

The Municipality does not fraud hotline and relied on the Premier and Presidential hotlines offices which are effectively managed. The hotline allows people to report anonymously, the unethical activities or dishonest behaviour that affects the municipality. The fraud hotline is 0800 701 701 and the ethics line is 0800 006 007.

The Municipality is in a process of re-establishing its own Anti-Corruption and Fraud Hotline.

2.8 SUPPLY CHAIN MANAGEMENT

In terms of Municipal Supply Chain Management Regulation 6, the Municipality is mandated to establish a Supply Chain Management Unit to implement its Supply Chain Management Policy. Furthermore, the Municipal Supply Chain Management Regulation 7(4) requires that the Supply Chain Management Unit must, where possible, operate under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of Section 82 of the Act. In line with the legislative guidance, the municipality has its Supply Chain Management unit reporting directly to the Chief Financial Officer

The municipality annually reviews supply chain management policies and processes, approved annually with the budget. The municipality strives for compliance with Section 112 of the MFMA and takes action where there is evidence of contravention of supply chain policy and regulations.

Supply Chain Management Unit

Chapter 11 of the MFMA compels the municipalities to establish Supply Chain Management Units and implement the SCM Policy, which gives effect to all SCM functional areas. The Supply Chain Management Unit has been established and operates under a direct supervision of the Chief Financial Officer.

Bid Committees

Regulation 26 of the Municipal Supply Chain Management Regulations stipulates that a municipality's Supply Chain Management system must provide for a committee system for competitive bids consisting of at least a bid specification, bid evaluation and bid adjudication committee. The Municipality has established the following committees:

- Bid Specification Committee;
- Bid Evaluation Committee and
- Bid Adjudication Committee.

Each Committee consists of a practitioner from Supply Chain Management and officials from key Directorates in the Municipality. The Accounting Officer is responsible for the appointment of bid committees in terms of s117 of the MFMA.

2.9 BY-LAWS

There are not by-laws reviewed and promulgated during 2023/2024 financial year.

2.10 WEBSITES

Municipal Website : Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	<Yes / No>
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2021/2022)	Yes
The annual report (2022/2023) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/2024) and resulting scorecards	Yes
All service delivery agreements (2023/2024)	No
All long-term borrowing contracts (2023/2024)	N/A
All supply chain management contracts above 1 million and over a 3 years period	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2023/2024	N/A
Contracts agreed in 2023/2024 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in 2023/2024	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/2024	Yes

The Mogoalakwa Municipality uses its website as a repository for municipal information and a means of disseminating information that it deems necessary or that may be needed by the community it

serves. Therefore, the Municipality's website serves as a powerful tool for communication with its citizens and enables site visitors quick access to information. It has also proved to be the best way of expanding opportunities for citizens to participate in and be informed of the municipality's programmes and services.

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

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

Mogalakwena Municipality is a Water Service Authority (WSA) and also a Water Service Provider (WSP). Every Water Service Authority has a duty to all customers or potential customers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services [Water Services Act of 1997 Section 11]. Thus, a Water Service Authority has the duty to provide water services to ensure efficient, affordable, economical, and sustainable deliverables.

3.1.1 Water sources and catchment areas

The following main water supply schemes supplies both urban and rural areas with water:

Source	Capacity
Doorndraai Water Resources System (State-owned) Anticipate to receive an additional 3Ml from Doorndraai early February 2018 due to an Intervention by DWS/Minister.	10 – 12Ml/p/d (3Ml)
Uitloop farm (Private owned)	1Ml/p/d/
Weenen/Planknek (Municipal owned) Of the 21 Boreholes that yielded 14.8Ml/d. this quantity is reduced to 7.8Ml due to the decline of water table.	7.8Ml/p/d
Various Rural Bore-holes	4 – 12Ml/p/d

The Mogalakwena River Catchment covers an area of 19 327 km² and the MAR is around 140 million cubic m/annum. Two major dams, the Glen Alpine Dam and the Doorndraai Dam are located in this catchment. The Doorndraai Dam supplies water to Mokopane (Potgietersrus), whilst the Glen Alpine Dam provides the immediate and downstream area with water for both primary use and irrigation.

3.1.2 Water Quality – Blue Drop Certification

The Constitution affords everyone the right to an environment that is not detrimental to their health or wellbeing. To ensure that water quality does not pose any health hazards to people, the Department of Water Affairs, as the regulator, has introduced a monitoring tool for water quality. To ensure that standards for potable water are met the Department initiated the Blue Drop certification programme in 2008 with the objective of:

- Introducing incentives based regulation of the drinking water quality management function;
- Introducing key requirements for effective and efficient management of drinking water quality by water services institutions.

The Presidential target for drinking water quality was set at 99% in 2014 and Mogalakwena Local Municipality has performed below this score for the past years:

- 2009 achieved 46.63%
- 2010 achieved 77.86%
- 2011 achieved 60.50%
- 2012 Not published for individual municipalities (Limpopo Province achieved 64%)
- 2013 Not yet released by Minister.
- 2015/16 achieved 60.4%
- 2021 DWS resuscitated the Blue Drop programme.
- 2022 achieved 73.2%

The Mokopane Mahwelereng WSS falls in the High-risk category and the Mokopane WSS falls in the Critical-risk category

- Criteria A – There was no information provided for Design Capacity for Mokopane WSS. This is an indication of lack of flow management and absence of Treatment Works Classification.
- Criteria B – There is no information provided for Operational Capacity for Mokopane WSS, this is an indication of non-compliance and must be addressed by the WSA. The Mokopane Mahwelereng WSS is operating within its design capacity.
- Criteria C – Both the Water Supply Systems are non-compliant with the Microbiological compliance, Chemical compliance, Microbiological Monitoring compliance and Chemical Monitoring compliance which indicates a high-risk for the end consumers.
- Criteria D – The Mokopane WSS indicated non-compliance with the technical skills available which includes relevant process controllers, supervisors, and maintenance teams, and the Mokopane Mahwelereng WSS achieved 83.3% compliance.
- Criteria E – The Mokopane Mahwelereng WSS achieved an exceptionally low compliance for Water Safety Planning, and Mokopane WSS Both do not have an indication of Water Safety Planning in place and the development of risk-based water quality monitoring programmes as outlined in SANS 241:2015.

The following challenges continue to be experienced in Mogalakwena:

- Water quality and reliability remains will always remain problematic, especially in rural areas.
- Operation and maintenance costs are economically unsustainable.
- Inadequacy in terms of yields to address the growing demand due to unplanned settlements.
- Borehole sources are not supposed to be the only abstraction points upon which a municipality relies on; instead, it should serve as a supplementary supply to a bulk water supply system.
- Full SANS 241 Analysis at point of use.
- Regular chlorination.
- Operational monitoring at least weekly.
- Shortage of operational personnel.
- Consolidated Water Supply System (WSS's) into one system.
- Drinking water quality
- Publication of performance.
- Service Level Agreements with WSP's
- Calibration of bulk meters.
- Submission of data on BDS.

3.1.3 Water access and backlogs

The provision of basic services covers three categories:

- Residents/households registered to pay for services
- Residents/households registered on our Indigent Register who requires a level of subsidiary support to access basic services.
- all the rural villages are receiving free basic water.

ACCESS TO WATER						
Province, district and local municipality	MIIF CATEGORY	Government transfers and subsidies as a % of total revenue	Source of water for household use			
			2011		2022	
			Regional/local water scheme	Other	Regional/local water scheme	Other
Limpopo			889 449	528 636	1 059 262	752 303
Waterberg	C1	96,6%	125 234	54 624	167 058	81 468
LIM367: Mogalakwena	B2	54,2%	54 449	24 183	65 373	43 921

Source: StatsSA Census 2011 and 2022.

WATER BACKLOG (BELOW BASIC LEVEL OF SERVICE)	
Service	Backlog
Water	23 450

Water Service Delivery Levels				
Description	2019/2020	2020/2021	2021/2022	2023/2024
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	18 824	18 824	19 389	19 389
Piped water inside yard (but not in dwelling)	25 625	25 625	26 394	26 394
Using public tap (stand pipes)	31 097	31 097	32 030	32 030
Other water supply (within 200m)	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	75 546	75 546	77 812	77 812
<i>Minimum Service Level and Above Percentage</i>				
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	-	-	-	-
Other water supply (more than 200m from dwelling)	-	-	-	-
No water supply	9 707	9 707	9 998	9 998
<i>Below Minimum Service Level sub-total</i>	9 707	9 707	9 998	9 998
<i>Below Minimum Service Level Percentage</i>				
Total number of households*	85 253	85 253	87 811	87 811
* - To include informal settlements				T3.1.3

LP Settlements Form G13 Waterberg Form

Households - Water Service Delivery Levels below the minimum						
Households						
Description	2016/17	2017/18	2018/2019	2019/2020	2020/2021	2021/2022
	Actual	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	27 766	27 766	29 766	29 766	29 766	29 766
Households below minimum service level	10 961	10 961	12 961	12 961	12 961	12 961
Proportion of households below minimum service level	39%	39%	34%	34%	34%	34%
Informal Settlements						
Total households	52 127	52 127	62 127	62 127	62 127	62 127
Households ts below minimum service level		50 979	50 979	55 979	55 979	55 979
Proportion of households ts below minimum service level		98%	98%	98%	98%	98%
						T3.1.4

Water Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
TO IMPROVE THE QUANTITY AND QUALITY OF MUNICIPAL INFRASTRUCTURE AND SERVICES	Number of formal households with access to basic level of water	19766	13212	13212	13376	13212	25732
	Percentage water losses	20%	47%	20%	28	25%	26%
	Number of test conducted reports on Water Quality	12	0	12	12	12	12
	Number of test conducted reports on Waste Water Quality	12	0	12	3	12	6
	Number of water meter audit conducted	500	52	500	0	500	869

**Capital Expenditure 2023/2024
Water Services**

R' 000

Capital Projects	2023/2024			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Commissioning of phase 1 (Mokopane Town, Mokopane EXT 4,7,19 &20)	10 000 000	29 846 740.43	28737016,62	
Refurbishment of 58 reservoirs	10 000 000	39 930 630	39715032,09	
Refurbishment & Upgrade of Sewer Pipelines in Mokopane Town & Peri-Urban - MOG 32	-	20 000 000	19 430 097,56	0%
Replacement of AC pipes Mahwelereng A	15 502 691	15943450,1	15 943 450,1	
Replacement of AC pipes Mokopane Town	37 055 627	37 055 627	33 192 448,57	
Industrial well field Sefakaola WTW, Industrial well field Pipeline to (Sefakaola)	11 000 000	16 657 286	16 496 648,21	
Contract 22-2020/21 Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase 1	10 000 000	67 598 673	67598 672	-576%
Contract 06-2017/18 Construction of 15km of 300ml rising main steel pipeline, 3,1km of reticulation pipelines and 3,5ml/day concrete reservoir for Jakkalskuil Cluster Phase 2 of Mogalakwena Water Master Plan.	9 000 000	44 609 882	42 284 882	-369.8%
Mini Water Scheme 13: Diphichi Cluster B	-	39 815 170	38 512 420	0%
Mini Water Scheme 13: Diphichi Cluster A	-	52 334 005	52334001,34	0%

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

as per MIG DORA report June 2024

3.2 WASTE WATER (SANITATION) PROVISION

Sanitation is about dignity. The availability of sanitation facilities does not only improve the dignity of people, but also promotes their health. Areas without proper sanitation systems give rise to water borne diseases like cholera, diarrhea, typhoid, etc. It is therefore important that a municipality prioritises this service, particularly taking into account the backlog (rural sanitation) and the national target. The Mogalakwena Municipality Quality of Life Study indicates that 79% of people in traditional areas and 18% of people in informal settlements have access only to basic pit latrines. The existing operational wastewater facilities are:

- Mokopane wastewater treatment works
- Sekgagapeng oxidation ponds
- Masodi oxidation ponds
- Rebone sewer
- Sterkwater sewer

WWTW PERFORMANCE							
Name of WWTW	Class	Design Capacity (ML/d)	Average Flow (ML/d)	Performance (%)	No. of Process controllers	PC Required	Improvement measures required
Mokopane WWTW	C	9.8 ML/d	10 ML/d	102	4 4 x IV	1 X Class IV 3 x class III	Upgrading of aeration system and chlorination system
Rebone ponds	E	2ML/d	No flow meter	Unknown	0	2 x Class II	Refurbishment of transfer sludge pumps and removing of overgrown vegetation
Masodi Ponds	E	2ML/d	No flow meter	Unknown	0	2 x Class II	Desludging of anaerobic ponds and removing of overgrown vegetation
Sekgagapeng ponds	E	2ML/d	No flow meter	Unknown	0	2 x Class II	Desludging of anaerobic ponds and removing of overgrown vegetation

3.2.1 Sanitation access and backlogs

For Improved provision of basic and environmental services in a sustainable way to our communities, Mogalakwena Municipality construct the Ventilated Improved Pit latrine (VIP) in rural Villages according to the priority list of the ward.

ACCESS TO SANITATION								
Province, district and local municipality	MIIF CATEGORY	Government transfers and subsidies as a % of total revenue	Toilet facilities					
			2011			2022		
			Flush toilet / chemical toilet	Other	None	Flush toilet / chemical toilet	Other	None
Limpopo			309 905	1 006 146	102 033	637 164	1 131 144	43 257
Waterberg	C1	96,6%	86 045	86 677	7 136	143 044	101 389	4 093
LIM367: Mogalakwena	B2	54,2%	21 955	54 314	2 364	46 628	61 467	1 199

Source: Statistics South Africa (Stats SA), Census 2011 and 2022

RURAL SANITATION BACKLOG	
	2020/21
Rural Sanitation	10 500

3.2.2 The Green Drop Wastewater Services Audit

Since its inception in 2008, the Green Drop regulation programme sought to identify and develop the core competencies that, if strengthened, would gradually and sustainably improve the standard of wastewater management in South Africa. The intention was to align the minimum requirements and best practice as a new Green Drop standard to raise the bar for wastewater management. The programme is therefore not based on the results of a limited number of random samples but evaluates the entire wastewater management services over a one-year audit period.

An audit attendance record of 100% affirms the WSAs commitment to the Green Drop national incentive-based regulatory programme.

The Regulator determined that no wastewater systems scored a minimum of 90% when measured against the Green Drop standards for the audited period and thus no WSA qualified for the prestigious Green Drop Certification. This compares to the one award in 2013 but is recognised for its inherent value to establish an accurate, current baseline from where improvement can be driven, and excellence be incentivized.

2021 Green Drop Summary					
WSA Name	2013 GD Score (%)	2021 GD Score (%)	GD Certified ≥90%	GD Contenders (89%)	Critical State (<31%)
Mogalakwena LM	84	26↓			Mokopane Old&New, Mosodi Ponds, Rebone

Several challenges pertaining to the provision of sanitation continue to exist:

- The current implementation model is based on programme managers using community builders. The model does deliver the desired quantities, given the limited budgets available. Although it does not necessarily comply with the CIDB Act the standard is acceptable.
- The municipality opted to construct VIP toilets in one village each year on a rotational basis. This model might be expensive and does not have an impact on the ground nor does it meet the objective of sanitation.
- The current funding strategy is also a challenge because the municipality will not meet the target as set by national cabinet. The backlog on VIP toilets provision in the 2020/2021 financial year amounted to 10 500.
- There is a need to adopt service levels in respect of basic services and ultimately the development of a comprehensive sanitation plan to meet the national target.

Sanitation Service Delivery Levels				
*Households				
Description	2019/2020	2020/2021	2021/2022	2023/2024
	Outcome	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	20 640	20 640	1899.	19701
Flush toilet (with septic tank)	2451	2451	1865	1865
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	18 317	18 317	7195	7 835
Other toilet provisions (above min.service level)			43 033	43 033
<i>Minimum Service Level and Above sub-total</i>	31 791	31 791	70423	70423
<i>Minimum Service Level and Above Percentage</i>	32%	32%	26	26%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet				
Other toilet provisions (below min.service level)	73 344	73 344	9 662	3 662
No toilet provisions				3 490
<i>Below Minimum Service Level sub-total</i>	73 344	73 344		7 151
<i>Below Minimum Service Level Percentage</i>	84%	84%		74%
Total households	85 253	85 253		85135
*Total number of households including informal settlements T3.2.3				

Water Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
TO IMPROVE THE QUANTITY AND QUALITY OF MUNICIPAL INFRASTRUCTURE AND SERVICES	Total number of household with access to basic level of sanitation	-	-	13212	17603	13212	18177

Capital Expenditure 2023/2024 Water Services					R' 000
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Mogalakwena Household Sanitation – Tenerife, Daggakraal, Rietfontein, Makekeng, and Ga-Chokoe	18 000 000	11 672 697	11672696,88		
as per MIG DORA report June 2024					

Employees: Water and Sanitation Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	0%
4 - 6	10	16	8	8	28%
7 - 9	2	9	4	5	0%
10 - 12	12	12	9	3	20%
13 - 15	0	0	0	0	0%
16 - 18	51	79	70	9	23%
19 - 20					
Total	76	107	91	23	22%

Financial Performance 2023/2024: Water and Sanitation Services						R'ooo
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	-44 440 721	-22 168 840	-31 943 177	-44 261 325	1,00%	0,39%
Expenditure:						
Employees	55 572 058	65 754 593	59 843 100	59 830 812	-9,01%	-0,02%
Repairs and Maintenance	12 520 724,94	665 342,00	54 024,00	-	-100,00%	-100,00%
Other	68 612 957	81 754 218	84 102 922	83 955 783	2,69%	-0,17%
Total Operational Expenditure	136 705 740	148 174 153	144 000 046	143 786 595	-2,96%	-0,15%
Net Operational (Service) Expenditure	92 265 019	126 005 313	112 056 869	99 525 270	-21,02%	-11,18%

3.3 ELECTRICITY

The municipal area of jurisdiction is serviced by both Eskom and the Municipality. The municipality's licensed area of supply is Mokopane town, Industrial area and the farming areas surrounding the town. The majority of the rural area is serviced by Eskom. The municipality services a total area of 2 800km². The municipality has 15,457 electricity consumers, which includes industrial, commercial, agriculture and residential consumers. This is achieved by making use of almost 1 200km of 33kV, 11kV and 400V overhead electrical lines and ± 400km underground cables. Mogalakwena makes use of four major 33kV/11kV substations with a total installed capacity of 160MVA and one switching station. There are four minor 33kV/11kV substations supplying electricity to the almost 2 800km² farming area surrounding Mokopane town as far as 10km from Mookgopong in the southwest, 50km in a westerly direction and 30km in a northerly direction from Mokopane town. The municipality is also responsible for maintenance of all streetlights and highmast lights across Mogalakwena. The municipality is planning to develop an Energy master plan with the assistance of MISA and DBSA.

3.3.1 Electricity loss

A losses strategy has been developed in order to mitigate against the high energy losses, funding must be provided for the implementation of the strategy. The municipality plans to conduct a "Cost of supply" that will inform future tariff applications, this will ensure that cost reflective tariffs are implemented.

Credit control measures has been intensified.

3.3.2 Electricity access and backlogs

TABLE 28: HOUSEHOLD ACCESS TO ELECTRICITY								
Province, district and local municipality	MIF CATEGORY	Government transfers and subsidies as a %	Energy for cooking					
			2011			2022		
			Electricity	Gas	Other	Electricity	Gas	Other
Limpopo			708 913	21 956	684 806	892 812	327 080	588 684
Waterberg	C1	96,6%	117 818	4 575	57 232	129 487	67 119	51 595
LIM367: Mogalakwena	B2	54,2%	46 766	1 564	30 219	56 908	25 148	27 132

Source: Statistics South Africa (Stats SA), Census 2011 & 2022

TABLE 29: ELECTRICITY BACKLOG	
Service	Backlog
Electricity	12 635

The municipality has a huge maintenance backlog, a maintenance plan has been developed and is currently being implemented. Additional budget must be made available in order to fast track the maintenance backlog.

The demand for electrification of households, specifically in the rural areas has increased significantly, the Municipality plans to fully utilize the INEP Grant to address the increasing backlog.

Among the challenges experienced in the provision of electricity are:

- Aged infrastructure that results in constant power failures.
- Illegal connections that lead to high energy losses.
- The funding for projects, specifically for maintenance and refurbishment of existing infrastructure.
- Loadshedding: breakdown of plant when power is restored after loadshedding.
- Cable and transformer theft.
- Capacity constraints: Not enough capacity in Eskom substations that supply villages. This has a negative effect on the electrification of villages around Mogalakwena.
- Inability to meet the “electricity for all” targets of National Government at all times.

Electricity Service Delivery Levels				
Description	Households			
	2020/2021	2021/2022	2022/2023	2023/2024
	Actual No.	Actual No.	Actual No.	
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	72884	71 074	72 303	56 908
Electricity - prepaid (min.service level)	Included above	Included above	Included above	Included above
<i>Minimum Service Level and Above sub-total</i>	72884	71 074	72 303	56 908
<i>Minimum Service Level and Above Percentage</i>				
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)		-		
Electricity - prepaid (< min. service level)	515	515	515	-
Other energy sources	6511	6 498	6 498	27 132
<i>Below Minimum Service Level sub-total</i>	6511	7 013	7 013	27 132
<i>Below Minimum Service Level Percentage</i>				
Total number of households	79395		78 087	109 294
T3.3.3				

Electricity Service Delivery levels below minimum

Households

Description	2021/2022	2024/2023		
	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.
Formal Settlements				
Total households	79395	109 294	N/A	109 294
Households below minimum service level	6511	8361	N/A	8361
Proportion of households below minimum service level	8.2%	7.6%	N/A	7.6%
Informal Settlements				
Total households	N/A		N/A	N/A
Households ts below minimum service level	N/A		N/A	N/A
Proportion of households ts below minimum service level	N/A		N/A	N/A
T3.3.4				

Electricity Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual		
TO IMPROVE THE QUANTITY AND QUALITY OF MUNICIPAL INFRASTRUCTURE AND SERVICES	Total number of households provided with access to basic level of electricity by the municipality (Excluding Eskom) y.t.d.	684	0	350	200	n/a	200
	Percentage electricity loss	20%	24%	20%	29%	25%	23
	Number of meter audit conducted	500	1591	500	1016	500	1053

Employees: Electricity Services					
Job Level	2022/2023	2023/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	50%
4 - 6	15	22	19	3	32%
7 - 9	3	2	2	0	0%
10 - 12	33	34	28	6	17%
13 - 15	7	8	8	0	12%
16 - 18	28	30	24	6	0.6%
19 - 20	0	0	0	0	0
Total	88	98	93	15	18%

Financial Performance 2023/2024: Electricity Services						R'000
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-7 414	-7 814	0	-100,00%	-100,00%
Expenditure:						
Employees	34 870 179	40 252 753	37 923 644	37 913 750	-5,81%	-0,03%
Repairs and Maintenance	12 590 259	16 306 618	11 590 661	11 560 279	-29,11%	-0,26%
Other	295 853 412	211 061 578	327 015 931	326 869 607	54,87%	-0,04%
Total Operational Expenditure	343 313 850	235 007 713	353 348 914	353 223 078	50,30%	-0,04%
Net Operational (Service) Expenditure	343 313 850	235 000 299	353 341 100	353 223 078	50,31%	-0,03%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T3.3.7

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

The main objective of waste management is to ensure the protection of the environment through effective waste management measures. The provision of affordable waste collection services protects the health and well-being of the people. The National Environmental Management: Waste Act, 2008 gives a municipality the executive authority to deliver waste management services, including waste removal, waste storage and waste disposal. The Municipality's two general landfill sites are both licensed in terms of legislation governing waste management.

3.4.1 Waste management facilities

The Mogalakwena Local Municipality has two permitted landfill sites located at Rebone and Potgietersrus (Mokopane).

Rebone Landfill

The Rebone Landfill site was classified as G: S: B and receives only general waste from Rebone Township which consists of 1 500 households and local businesses. The site is 100km north of Mokopane and licensed under permit number 12/9/11/P74. The site has a fence, gate, guardhouse, and signage boards at the gate entrance.

Potgietersrus (Mokopane) Landfill

Potgietersrus landfill site (known as Mokopane landfill) is classified as G: M: B⁻, located 4 km southeast of Mokopane Town and covers an area of about 118 250 m². The permit was issued in 1994 in terms of the Environmental Conservation Act regulations with permit number B33/2/0160/003/P100. The site is secured with a palisade fence. There is a signage board at the entrance, guard house, staff buildings, weigh bridge facility, and recycling platform.

3.4.2 State of landfill sites

Potgietersrus (Mokopane) landfill is approximately 118 250 m² and only 88 959 m² has been used for disposal. The site receives approximately 6 000 m³ of waste volumes monthly from various sources i.e., domestic, commercial, and industrial and the remaining life span is approximately four years.

The Rebone landfill site has a total airspace of 12 511 m² with an estimated utilised space of 11 133m². The site seems to be at full capacity due to poor landfill management. However, it has a remaining life span of four years as indicated by a report compiled by Environmental and Sustainability Solutions cc in 2021.

3.4.3 Waste management access and backlogs

The number of households whose weekly refuse is removed by the local authority has increased from 16.9% in Census 2001 to 26.8% in Census 2011. In the same period the number of households whose refuse was removed less frequently than once a week declined from 0.8% to 0.4%. The percentage of households depending on a communal refuse dump increased slightly from 1.1% to 1.3% between 2001 and 2011. There was a slight increase in the percentage of households that owned their own

refuse dumps. There was also a decrease in the proportion of households without any refuse disposal, from 9.7% in Census 2001 to 7.7% in 2011. The table below shows the various waste disposal methods per household.

ACCESS TO REFUSE REMOVAL SERVICES, CENSUS 2022		
Name	Frequency	%
Removed by local authority at least once a week	42 752	39,1%
Removed by local authority less often	1 524	1,4%
Communal refuse dump	2 112	1,9%
Communal container/central collection point	363	0,3%
Own refuse dump	54 417	49,8%
No Rubbish Disposal	7 099	6,5%
Other	1 027	0,9%

3.4.4 State of refuse removal in urban and rural settlements

Waste collection is done in the three service delivery areas of Rebone, Mahwelereng and Mokopane. The service in rural areas is partly delivered with the exception of Armoede and Rooibokfontein which can be attributed to the relocation by the mine (Anglo Platinum). Some 16 488 households and 153 bulk waste containers for businesses are receiving weekly waste collection services. Rural and peri urban areas are also being serviced. Waste is collected by means of rear-end loaders (RELs) from urban settlements and peri-urban settlements on a weekly basis and from the commercial and industrial premises daily. General waste collection in the municipality is collected from domestic or households' sources.

Among the challenges faced by the municipality in the disposal and removal of waste, are:

- Land fill site in town is operating at moderate capacity.
- Lack of machinery at Rebone landfill site and Potgietersrus landfill site.
- Obsolete machinery and equipment.
- No collection at rural areas

Solid Waste Service Delivery Levels				
Description	2020/2024	2021/2022	2022/2023	Households 2023/2024
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal:</u> (Minimum level) Removed at least once a week	16109	16257	16661	17053
<i>Minimum Service Level and Above sub-total</i>	16109	16257	16661	17053
<u>Solid Waste Removal:</u> (Below minimum level) Removed less frequently than once a week	0	0	441	454
Using communal refuse dump	0	0	529	545
Using own refuse dump	0	0	43513	44818
Other rubbish disposal	0	0	61	63
No rubbish disposal	26 596		13 793	14207
<i>Below Minimum Service Level sub-total</i>	26 596		58 337	60 087
Proportion of households to below minimum service level	78 313	75 331	75 314	77 573

Waste Management Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
TO IMPROVE THE QUANTITY AND QUALITY OF MUNICIPAL INFRASTRUCTURE AND SERVICES	Total number of households with access to basic level of solid waste removal	17 696	17257	16250	16662	16250	17053
	Number of waste awareness/clean-up campaigns held	n.a	n.a	n.a	n.a	4	4
	Number of illegal dumping areas cleared	n.a	n.a	n.a	n.a	4	4

Employees : Solid Waste Management Services					
	2022/2023	2023/2024			
Job Level	Employees No	Posts No	Employees No	Vacancies(fulltime equivalents no)	Vacancies(as a % of total posts)%
0-3	1	1	1	0	
4-6	1	1	1	0	
7-9	5	9	8	1	
10-12	5	7	6	1	
13-15	1	0	0	0	
16-18	71	93	85	8	
Total	82	111	106	10	

Financial Performance 2023/2024: Solid Waste Management Services						
					R'ooo	
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	-6 777 033	-5 854 390	-6 854 390	-7 101 954	21,31%	3,61%
Expenditure:						
Employees	38 562 999	40 540 304	39 970 796	39 964 757	-1,42%	-0,02%
Repairs and Maintenance	0	0	0	0	0,00%	0,00%
Other	518 053	10 097 310	51 755 086	51 609 799	411,12%	-0,28%
Total Operational Expenditure	39 081 052	50 637 614	91 725 882	91 574 556	80,84%	-0,16%
Net Operational (Service) Expenditure	32 304 018	44 783 224	84 871 492	84 472 602	88,63%	-0,47%

3.5 HOUSING

The provision of houses remains the function of the provincial Department of Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA). The role of the municipality is mainly to coordinate the identification of sites and beneficiaries and monitoring the construction process. The current organogram under the Planning and Development Services Department is comprised of Town Planning, Local Economic Development, Integrated Development Planning and Housing Divisions. The Housing Division functions as follows:

- Beneficiary administration (identification of beneficiaries, housing needs register or database, completion of application forms, follow-up on application status and handling beneficiary queries).
- HSS administration – access to viewing only.
- Project management (all housing programmes)
- Consumer education
- Implementation of housing programmes in line with relevant policies
- The Municipality is not an implementing agent/developer; however, housing projects are implemented in partnership with the Provincial government in terms of cooperative governance.
- All housing initiatives are implemented with the support of CoGHSTA and the Housing Development Agency.
- Private sector initiatives are also supported and encouraged.

In accelerating service delivery of housing as a key strategy of poverty alleviation, CoGHSTA allocated the MLM with 400 RDP units for the 2023/2023 financial year and only 88 units were completed.

Employees: Housing Services					
Job Level	2022/23	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	2	1	1	50%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	1	2	1	1	50%

Financial Performance 2023/2024: Housing Services						R'ooo
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-	-	-	0,00%	-
Expenditure:						
Employees	841 596	957 897	943 540	940 894	-1,78%	-0,28%
Repairs and Maintenance	-	-	-	-	0,00%	0,00%
Other	24 070	35 029	29 029	17 983	-48,66%	-38,05%
Total Operational Expenditure	865 666	992 926	972 569	958 877	-3,43%	-1,41%
Net Operational (Service) Expenditure	865 666	992 926	972 569	958 877	-3,43%	-1,41%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T3.5.5

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Free basic municipal services are services provided at no charge by the Government to poor households. The services are provided by municipalities and include a minimum amount of electricity, water, refuse and sanitation that is sufficient to cater for the basic needs of a poor household.

Free basic Electricity, Water, Refuse and Sewerage is allocated in accordance with provision of the MLM indigent's policy which clearly defines the qualifying categories. The municipality grants free 6kl of Water, 50kwh of electricity, 500m² of refuse and 500m² of sewerage.

The municipality has spent the amount of **R6.5** million in respect of assistance to and providing basic service levels to the indigents in 2023/2024 financial year.

The other results included the assistance in burying of the poorest of the poor. The price of the grave is R 1447 and R1033 in Mokopane and Mahwelereng respectively and for the registered indigents is free of charge.

INDIGENT WELFARE PACKAGES			
Package Compilation for Indigent	22/23 R (VAT included)	23/24 R (VAT included)	24/25 R (VAT included)
Rates - R100 000 Valuation	60.30	63.50	67,88
Refuse (up to 500 m ²)	73.75	77.66	83,02
Sewage (up to 500 m ²)	40.25	42.38	45,3
Electricity - 50kwh	67.11	79.66	86,83
Water - 6kl	139.20	199.89	213,68
Total indigent package per month	380.61	463.08	R496.71

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

The municipality developed a Road Master Plan which has not yet been approved by Council. The objectives of the master plan are to categorize and classify the roads. It must ensure that roads and stormwater infrastructure development is aligned to the Mogalakwena municipal Spatial Development Framework. This must benefit economic growth in the area by absorbing the potential growth of the resulting from mining companies that are about to settle within the borders to mine the different mineral resources found in the area. Implementation of the plan will also attract tourism, grow the economy, and create opportunities for business initiatives for local people.

7.3.1 Road and stormwater access and backlogs

ROAD AND STORMWATER ACCESS AND BACKLOGS			
Total Network	Gravel roads	Internal Street Streets	Tarred roads
3 585.38km	3062.42 km	12.66 km	510.3 km

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt	Kilometers Gravel roads graded /maintained
2020/2021	1 683,70	0	4.2	1054km
2021/2022	1 683,70	0	2.2	2 024km
2022/2023	1 683,70	0	3.7	572.7km
2023/2024	3062.42	0	11.4km	15km

Asphalted Road Infrastructure					
	Total asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Kilometers Asphalt roads maintained
2020/2021	700	4.4	Resealing	0	
2021/2022	704.4	0	Resealing	0	11894m2
2022/2023	704.4	0	Resealing	0	4094.77m2
2023/2024		2.5	Resealing	0	4803,89m2

Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
TO IMPROVE THE QUANTITY AND QUALITY OF MUNICIPAL INFRASTRUCTURE AND SERVICES	Number of km's of gravel roads gravelled and bladed	300km	0km	300km	572km	300km	384,68km
	Number of km's of gravel roads upgraded to tar	9.83km	0km	6.3km	3.7km	6.3km	11.4km
	Number of cubic meter of storm water drainage maintained	1500M3	0M3	1500M3	7125M3	1500m3	1739,97m3
	Number of road square meters patch	4000m2	0m2	4000m2	4094.77m2	4000m2	4803,89m2

Financial Performance 2023/2024: Road Services						R'ooo
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-	-	-	-	-
Expenditure:						
Employees	15 764 290	17 845 216	16 074 086	16 067 932	-9,96%	-0,04%
Repairs and Maintenance	9 629 260	0	4 444 487	1 444 485	0,00%	-67,50%
Other	27 980 487	12 640 264	12 822 743	6 812 660	-46,10%	-46,87%
Total Operational Expenditure	53 374 038	30 485 480	24 452 342	21 436 107	-29,68%	-12,34%
Net Operational (Service) Expenditure	53 374 038	30 485 480	24 452 342	21 436 107	-29,68%	-12,34%
						T3.7.8

The capital projects are listed in the table below with its budgeted and actual expenditure information.

Capital Expenditure: Road Services					
Capital Projects	*2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Completion of Marulaneng roads and stormwater			13403363,03		
Mahwelereng Roads & Stormwater Phase 2A			30510327,04		
Mahwelereng Roads & Stormwater Phase 2B			11826077,66		
Molekane Roads and Storm Water			3 301 237.58		

The majority of the infrastructure development projects were not completed for both roads and Storm water.

3.8 LICENCING SERVICES

Municipality is an agent of Department Transport for the issuing of vehicle licenses which also includes testing of vehicles as part of vehicle licensing procedure. For this task the Municipality retains 20% of revenue generated from these services which does not cover its operational costs to perform the function. The municipality continue to render traffic services in an effort to ensure the maintenance of highest safety standards.

The municipality currently manages and operates 1 licensing centres, which are responsible for the provision of registration and licensing of motor vehicles, testing of learner and driver licensing and renewal and testing of roadworthiness of vehicles.

The offering of licences is an essential service that enables our citizens to be employable. The Licensing Department is also ranking amongst the revenue generating centres. Efforts have also been primarily to protect this revenue against fraud and corruption.

Employees: Licensing Services				
Job Level	2022/2023	2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
0 - 3	1	1	0	0%
4 - 6	0	1	0	0%
7 - 9	20	20	14	38%
10 - 12	0	3	3	0%
13 - 15	0	0	0	0%
16 - 17	0	0	0	0%
Total	22	25	17	0%

Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
Sound and efficient financial management	Number of times that agreed portion of revenue from drivers licence cards were paid over prodiba by 15th of each month	12	12	12	12	12	12

COMPONENT C: PLANNING AND DEVELOPMENT

3.8 PLANNING

SPLUMA came into operation in July 2015 with the aim to promote investment in land development and establishing sufficient certainty in the land market; to address segregated and unequal spatial patterns inherited from apartheid; to balance socio-economic needs with those of environmental conservation, and to improve and support infrastructure and service delivery initiatives.

In addition to the Development Facilitation Act (Act 67 of 1995), SPLUMA also repealed the following legislation:

- Removal of Restrictions Act (Act 84 of 1967)
- Physical Planning Act, (Act 88 of 1967)
- Physical Planning Act (Act 125 of 1991)
- Less Formal Township Establishment Act (Act 113 of 1991)

SPLUMA also requires all three spheres of government to produce Spatial Development Frameworks. The focuses of the SDFs are different. The national SDF provides broad strategic direction, provinces focus on a coordination role, and municipalities develop detailed plans for the areas of their jurisdiction. A municipal SDF fits into a hierarchy of spatial plans, taking direction from the national and relevant provincial SDF

The Mogalakwena Municipality has implemented its administrative systems related to the implementation of SPLUMA. At present the Mogalakwena Municipality has gazetted its land use by-laws known as Mogalakwena Municipality Land Use By-Law, 2016 and is already accepting applications terms of that by-law. The Land Use Management Scheme, 2008 is also promulgated. However, it is being reviewed to include all the rural areas thus making it a wall-to-wall land use scheme as prescribed by SPLUMA. The Municipal Council has on the 16th of August 2023 adopted the new SDF that will result in the Land Use Scheme Management System that gives effect to the principles of SPLUMA and aligns to the contents of an SDF as stipulated under Section 21 of the Act.

The Municipal Council has also categorized different land development applications as prescribed in the Act to determined land development application that will be finalized by the Authorized Official and those that will be submitted to Municipal Planning Tribunal for adjudication. This has resulted into streamlined way of processing land development applications without undue delays.

Due to capacity constraints, the Municipality is currently participating in the District Municipal Planning Tribunal to adjudicate on relevant categories of land development applications. The District Municipal Planning Tribunal is fully operational and there are no unnecessary delays in processing land development applications.

Planning Objectives and Targets as Taken From IDP and SDBIP

IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
<i>Determine Planning Application Within A Reasonable Timescale</i>	Review of the Spatial Development Framework	Reviewed Spatial development framework	Spatial Development plan not reviewed	Reviewed Spatial development framework	Spatial Development plan not reviewed	Reviewed Spatial development framework	Spatial Development plan reviewed and approved by council on the 16 th August 2023
	LUS Reviewed and approved by Council	LUS Reviewed and approved by Council	LUS not Reviewed and approved by Council	LUS Reviewed and approved by Council	LUS not Reviewed and approved by Council	LUS Reviewed and approved by Council	LUS Reviewed and approved by Council on the 16 th August 2023

Employees: Planning Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	0%
4 - 6	6	6	3	3	50%
7 - 9	1	1	0	0	0%
10 - 12					
13 - 15					
16 - 18		13	12	1	8%
19 - 20					
Total	7	21	15	5	38%

Financial Performance 2023/2024: Planning Services						R'000
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-	-	-	-	-
Expenditure:						
Employees	5 244 067	5 675 632	5 341 491	5 338 136	-5,95%	-0,06%
Repairs and Maintenance	0	-	-	-	0,00%	0,00%
Other	106929,17	352 081	232 006	182 069	-48,29%	-21,52%
Total Operational Expenditure	5 350 996	6 027 713	5 573 497	5 520 205	-8,42%	-0,96%
Net Operational (Service) Expenditure	5 350 996	6 027 713	5 573 497	5 520 205	-8,42%	-0,96%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T3.10.5

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Mogalakwena Local Municipality engaged a program to enable Local Economic Development Resilience and Capability Building, for Local Economic Development (LED) structuring and to assist in the process thereto to reach LED Maturity. The drive of the program is dedicated to continuous dedication and participation by LED stakeholders to develop the following overall competencies as a team:

- Develop a shared understanding of sound LED approaches.
- Develop a shared vision of what to do about LED clarity of leadership roles and contributions.
- Planning and overseeing LED projects described in the LED Strategy be formed.
- Creating the enabling environment for LED projects to succeed.
- Facilitating and coordinating the implementation of LED projects.
- Economic skills for developing an economic profile for the local area.
- Monitoring and evaluating LED projects against objectives, deliverables, and outcomes, and take corrective action, and
- Managing stakeholder relationships.
- Managing stakeholder LED expectations.
- Sound procedures for a LED Project Pipeline and project funding readiness.

The purpose of this LED Capacity Building Program is to develop competence of participants in promoting local economic development in their work environments and their individual economic sectors to the benefit of Mogalakwena region's local communities. This is done by developing the knowledge, understanding and skills of participants in learning areas that are critical to effective LED practices. Also providing a structured mentoring program to assist participants to transfer as leadership, learning to their work environments as well as their individual economic sectors.

The aim is to achieve a LED Strategy as a simplified, living document for continuous growth and socio-economic impact and development. Action taken by all stakeholders will unlock an executable document with a confirmed and activated project pipeline necessary for investor participation within Mogalakwena municipal region. It will affect all economic sectors within the region and therefore assist with economic impact and growth, which assist with job creation and surety, as well as more available spent in the area for the vulnerable.

Local Economic Development Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
To create inclusive and well-coordinated investment opportunities for the growth of the economy	Number of jobs created through LED initiatives	200	103	200	690	100	190
	Number of business information session conducted by June 2024	-	-	4	4	4	4
	Number of flea markets held by June 2024	-	-	2	2	2	2

Employees: Local Economic Development Services					
Job Level	2022/2023	2023/2024			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	0	1	0%
4 - 6	6	7	7	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	3	5	5	0	0%
16 - 17	0	0	0	0	0%
Total	12	14	14	4	33%

Financial Performance 2023/2024: Local Economic Development						
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-	-	-	-	-
Expenditure:						
Employees	1 243 120	5 204 932	4 350 362	4 346 407	-16,49%	-0,09%
Repairs and Maintenance	0	-	-	-	0,00%	0,00%
Other	5 775 219,06	182 140,00	96 290,00	78 360,00	-56,98%	-18,62%
Total Operational Expenditure	7 018 339	5 387 072	4 446 652	4 424 767	-17,86%	-0,49%
Net Operational (Service) Expenditure	7 018 339	5 387 072	4 446 652	4 424 767	-17,86%	-0,49%

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.11 LIBRARIES

The Municipality manages four fully established community libraries based in Mokopane, Mahwelereng and Makobe (Bakgoma) and Pudiakgopa (Mmahlee) respectively. The Municipality also provides library services to the two satellite areas of Bakenberg and Taueatswala (Babirwa).

The Mogalakwena Municipal Libraries renders information service to the communities and provides reading materials for a variety of purposes, e.g. education and cultural development, self-improvement and recreation. Municipal Libraries also engages in various outreach programs to promote and cultivate a culture of reading within communities.

The following are the core functions:

Provision of information:

The Reference and Study are frequented by users daily to study do research and access internet service. User groups are tertiary students; pre, primary and high school learners doing research for school projects; persons requiring information to enhance their general knowledge and to improve their personal circumstances. Libraries provide a variety of materials suitable for informal / leisure reading, which improves reading and comprehension skills. The libraries provide books for self- development and cultural development.

Circulation service

Circulation of books remains an integral part of every library's services. While anyone may read as much as they can, free of charge inside our libraries, a borrower of books must register as a library member (prescribed rules & subject to payment of the relevant fees) before being allowed to borrow library material for home use..

Provision of study space

Library users are in need of space to study and its critical that the environment of such space should be conducive and hospitable. The studying environment must be hygienic, must have good lighting levels, good ventilation, etc. There is currently a growing need for study space in libraries and it becomes worse during examination periods.

Free Wi-Fi

All libraries currently offer free Wi-Fi inside the library ONLY which is limited to aid learners, students and upcoming entrepreneurs with their projects, job applications, virtual job interviews and virtual meetings. A connection is free for one hour per day and is sponsored by the "Conditional Grant for Public Libraries" – Free Wi-Fi is available in all libraries.

Free Computer training

All municipal libraries have embarked on a journey to offer communities access to digital literacy. The trainings are nondiscriminatory, nonpartisan, inclusive and educational to all members of the community irrespective of age or gender.

Collection development:

The current book collection can be regarded as stale, outdated and irrelevant. Library collection needs constant replenishment and updating in order to provide the informational and educational needs of the community. Every library should have an up to date, well balanced and representative to give library users the best possible resources that will enable them to excel. Due to escalating publishers' prices our limited budget barely allows for regular stock maintenance

Employees : Libraries					
	2022/2023	2023/2024			
Job Level	Employees No	Posts No	Employees No	Vacancies(fulltime equivalents no)	Vacancies(as a % of total posts)%
0-3	1	1	1	0	0%
4-6	5	4	3	1	0%
7-9	3	3	2	1	78%
10-12	18	23	18	5	18%
13-15	0	0	0	0	0%
16-18	9	10	9	1	30%
Total	36	41	33	7	34%

Financial Performance 2023/2024: Libraries						
					R'ooo	
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-	-	-	0,00%	0,00%
Expenditure:						
Employees	9 716 168	11 323 406,00	9 741 973	9 686 990	-14,45%	-0,56%
Repairs and Maintenance	0	-	-	-	0,00%	0,00%
Other	272 796	649 575	645 359	371 530	-42,80%	-42,43%
Total Operational Expenditure	9 988 964	11 972 981	10 387 332	10 058 520	-15,99%	-3,17%
Net Operational (Service) Expenditure	9 988 964	11 972 981	10 387 332	10 058 520	-15,99%	-3,17%

3.12 CEMETORIES AND CREMATORIUMS

The municipality is rendering this service in proclaimed town and townships namely, Rebone, Acacia, Mokopane and Mahwelereng. The activities are:

- a] measuring and laying out of graves;
- b] Digging graves and opening graves by jackhammer;
- c] Filling of graves;
- d] Maintaining terrains;
- e] Developing new sites.

A wall of remembrance for the internment of ashes of cremated persons is rendered at Mokopane cemetery. Our priority is that graves should be available within 48 hours if not immediately. Some graves are prepared in advance to ensure that graves are readily available during disaster or industrial actions.

Poor and indigent people are catered for from an allocation on the budget meant for indigent and pauper burials.

The Mahwelereng cemetery is full and was closed mid-February 2021. Following this closure, the Extension 17 cemetery was opened. Renovations should be done to the ablution block which was vandalized.

Financial Performance 2023/2024: Cemeteries and Crematoriums						
R'000						
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	0	-	-	-	-	-
Expenditure:						
Employees	5 109 626	6 086 878	5 789 683	5 787 166	-4,92%	-0,04%
Repairs and Maintenance	0	76 237	26 237	833	-98,91%	-96,83%
Other	11 168,33	63 498,00	47 498,00	47 159,40	-25,73%	-0,71%
Total Operational Expenditure	5 120 794	6 226 613	5 863 418	5 835 158	-6,29%	-0,48%
Net Operational (Service) Expenditure	5 120 794	6 226 613	5 863 418	5 835 158	-6,29%	-0,48%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.55.5	

Employees : Cemeteries					
Job Level	2022/2023	2023/2024			
	Employees No	Posts No	Employees No	Vacancies(fulltime equivalents no)	Vacancies(as a % of total posts)%
0-3	1	1	1	0	
4-6	0	1	0	0	
7-9	6	4	3	1	
10-12	0	0	0	0	
13-15	6	4	4	2	
16-18	55	48	45	3	
Total	68	58	53	6	%

COMPONENT E: SECURITY AND SAFETY

The Municipality has an obligation in terms of Section 152 of the Constitution of the Republic of South Africa, 108 of 1996 to provide safety and a healthy environment to its community.

3.13 TRAFFIC AND EMERGENCY SERVICES

The Traffic and Law Enforcement services provided included regular traffic control and implementation of traffic rules and By-laws. Regular regulation of traffic, especially in the CBD of Mokopane and at times in Sedgefield ensured smoother traffic flow and the prevention and reduce of traffic related accidents.

The municipality has conducted 118 speed checks to ensure that the movement of goods and person s are efficient, orderly and safe.

Objectives and Targets as Taken From IDP and SDBIP							
IDP Objective	Performance Indicator	2020/2021		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
<i>To reduce loss and damage to life and property</i>	Number of speed checks conducted year phased in by each quarter	80	73	100	83	100	118
	Number of roadblocks held by June 2024	-	-	-	-	4	10

Employees: Traffic and Emergency Services				
Job Level	2022/2023	2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
0 - 3	1	1		100%
4 - 6	0	4	3	75%
7 - 9	20	27	17	38%
10 - 12	0	2	0	0%
13 - 15	0	0		0%
16 - 17	5	5	4	17%
Total	38	33	24	0%

COMPONENT H: SPORT AND RECREATION

3.14 SPORT AND RECREATION

The municipality maintains twelve community parks and one public swimming pool as well as a squash court.

There are five developed stadia: Mahwelereng, TT Cholo, Rebone, Bakenberg, Mokopane and the Mapela Sport facility.

The Sports node at Mahwelereng is also equipped with softball pitch, cross country Track, outdoor gymnasium and a licensed tartan athletics track.

The support to the less privileged community is structured around free public use of most facilities. The municipality has developed and approved the Sports Facility Utilisation Policy.

Current sport and recreational facilities in the Mogalakwena municipality include opportunities for tennis, netball, volleyball, cross-country, soccer, athletics, rugby, and gym. The table below shows formalised sports infrastructure in the various municipal growth points.

SPORT INFRASTRUCTURE IN THE MUNICIPALITY		
Name	Condition	Facilities offered
Mahwelereng Stadium	Fair	Tennis, Netball, Volleyball, Cross-Country, Soccer, Athletics and Gym
Bakenberg Stadium	Poor	Netball and Soccer
Mapela Stadium	Fair	Netball
Rebone Stadium	Fair	Soccer, Netball and Tennis
TT Tsholo Stadium	Poor	Soccer and Netball
Rugby Club Grands	Very Poor	Rugby

Employees: Sports				
Job Level	2022/2023	2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
0 - 3	0	0		
4 - 6	0	1	1	
7 - 9	1	3	3	
10 - 12	0	0		
13 - 15	1	1	1	
16 - 17	15	11	10	
Total	17	16	15	

Financial Performance 2023/2024: Sports						
R'ooo						
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	-	-	-	-	-	-
Expenditure:						
Employees	4 962 643	5 299 370	5 602 362	5 600 090	5,67%	-0,04%
Repairs and Maintenance	0	-	-	-	0,00%	0,00%
Other	10 683 205	963 961	1 438 271	1 426 433	47,98%	-0,82%
Total Operational Expenditure	15 645 848	6 263 331	7 040 633	7 026 523	12,19%	-0,20%
Net Operational (Service) Expenditure	15 645 848	6 263 331	7 040 633	7 026 523	12,19%	-0,20%

Capital Expenditure: Sports					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Mapela Sports Stadium			236556		

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICE

3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Mogalakwena Municipality's IT division is supporting the different business units in using technology as part on realization of Fourth industrial revolution. The unit is currently migration its server to the cloud technology as part of upgrading its ageing infrastructure. The ICT security systems have been upgraded and the municipality is in process to appoint ICT security office to try and mitigate the risk of cyber security. The municipality have upgraded its entire desktop systems. Cllrs were provided with tablets as ways of on improving communication, reduction of cost by hosting virtual meetings.

The following are challenges facing the municipality ICT

- Connectivity to the SDA offices.
- Lack of integrated electronic document management & records system
- Partially integrated systems
- Funding toward the implementation of the ICT strategy

The IT unit is required by the Corporate Governance of ICT Policy Framework (CGICTPF) to develop and maintain an ICT Architecture, consisting mainly of the ICT Strategic Plan (also known as an ICT Strategic Master systems Plan) ICT Implementation Plan, and Operational plan; and those three plans are approved and adopted by Council.

Employees: Information Technology				
Job Level	2022/2023	2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
0 - 3	1	1	1	0
4 - 6	2	3	2	66%
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 17	0	0	0	0
Total	3	3	3	0

Financial Performance 2023/2024: ICT Services						
					R'ooo	
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjusted Budget
Total Operational Revenue (excluding tariffs)	-	-	-	-	-	-
Expenditure:						
Employees	2 385 955	3 861 000	3 021 108	3 015 837	-21,89%	-0,17%
Repairs and Maintenance	0	-	-	-	0,00%	0,00%
Other	9 304 427	14 148 182	15 565 904	15 518 770	9,69%	-0,30%
Total Operational Expenditure	11 690 382	18 009 182	18 587 012	18 534 607	2,92%	-0,28%
Net Operational (Service) Expenditure	11 690 382	18 009 182	18 587 012	18 534 607	2,92%	-0,28%

3.16 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Legal Services division is guided by Municipal Property Rates Act no 6 of 2004 and its regulations, read together with the Municipal Finance Management Act of 2003 and its regulations.

The department focuses its resources on ensuring the sustainable proper governance systems and processes focusing on promoting principles of good governance to strengthen compliance to applicable legislations throughout the municipality, enabling oversight and accountability.

The main activity of the legal division is to provide appropriate legal services to the Institution, Mogalakwena Local Municipality, debt collection and manage the general overall compliance in the Municipality so as to meet the following objectives:

- Minimize unwarranted litigations
- Compliance with required legislations governing Municipalities
- Provide legal advice to different departments of the Municipality so as to enhance the fulfillment of the municipality's objectives.

One of the sources of the municipality's revenue is payment of basic services by consumers. In order for the Municipality to provide services to communities in an efficient and sustainable manner to consumers, customers should pay for the services they receive from the Municipality. There is a debt collection policy in place that regulates collection of debt from non-paying consumers.

Active Matters	Matters Finalized	Matters held in abeyance
19	24	48 and 30 thereof is conveyancing matters

Employees: Legal Services				
Job Level	2022/2023	2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
0 - 3	1	1	0	0%
4 - 6	2	3	2	66%
7 - 9	0	0	0	0%
10 - 12	0	0	0	0%
13 - 15	0	0	0	0%
16 - 17	0	0	0	0%
Total	6	4	4	0%

Financial Performance 2023/2024: Legal Services and Corporate Support						
R'000						
Details	2022/2023	2023/2024			Variance to Original Budget	Variance to Adjusted Budget
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue (excluding tariffs)	-1493,31	- 5 030,00	- 6 130,00	- 4 137,00	-17,75%	-32,51%
Expenditure:						
Employees	12 745 101	12 346 538	8 838 397	8 826 890	-28,51%	-0,13%
Repairs and Maintenance	-	-	-	-	0,00%	0,00%
Other	35 749 231	10 062 977	38 706 430	38 695 341	284,53%	-0,03%
Total Operational Expenditure	48 494 331	22 409 515	47 544 827	47 522 231	112,06%	-0,05%
Net Operational (Service) Expenditure	48 492 838	22 404 485	47 538 697	47 518 094	112,09%	-0,04%

COMPONENT G: ORGANISATIONAL PERFORMANCE SCORECARD

The municipalities Performance Management is institutionalised in line with applicable legislative and policy framework requirements of which are included in the approved IDP and SDBIP. Performance management provides the mechanism to measure whether set KPIs and targets linked to the organisations' strategic objectives, set by Council, and are met.

Section 46 of the Municipal Systems Act, stipulates that the municipality must prepare for each financial year, a performance report, reflecting the performance of the municipality during that financial year and a comparison of performance against the targets set as well as measures taken to improve performance. The annual performance report reflects the overall performance for 2022-2023 financial year as well as comparative financial year (2021-2022). The performance is based on the revised approved Intergrated Development Plan (IDP) and Adjusted Service Delivery and Budget Implementation Plan (SDBIP) for the year under review.

As per legislation, the Municipality regularly reported on performance to Council in terms of Section 52(d) of the Municipal Finance Management Act (MFMA), hereafter referred to as the MFMA. This reporting was done a month after the end-of-the quarter for noting by Council. Reporting on a midyear/half-yearly basis to Council was done in accordance with Section 72 of the MFMA.

This section of the Annual Performance report on the municipality's annual performance against the planned target as derived from the IDP. An overview of the municipality's actual performance linked to the National Key Performance Areas are depicted in Table 1.

Mogalakwena Municipality	Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development	Spatial Rationale	Total
KPI Achieved	17	15	3	17	8	3	63
KPI Not Achieved	2	3	0	4	0	0	8
Total	19	18	3	21	8	3	72

Chapter 3

COMPARISON OF THE 2022/2023 PERFORMANCE WITH ACTUAL PERFORMANCE OF 2023/2024 FINANCIAL YEAR

Key Performance area	2022/2023		2023/2024		
	Target not achieved	% Achieved	Target achieved	Target not achieved	% Achieved
Spatial Rationale	0	100%	3	0	100%
Basic service delivery and infrastructure development	5	58%	17	2	89%
Local Economic Development	0	100%	3	0	100%
Municipal Financial Viability and Sound Management	6	73%	17	4	81%
Municipal Transformation and organisational development	1	83%	8	0	100%
Good governance and public participation	6	55%	15	3	78%
Total	18	71%	63	9	88%

Refer to Annexure F for a full Annual Performance report.

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	2022/2023			
	2021/2022	Approved posts No	Employees no	Variances
	Employees no			
Office of the Municipal Manager	24	46	28	2
Corporate Support Services	81	150	83	15
Finance	78	111	72	9
Electrical Services	85	192	82	17
Community Services	400	559	319	69
Traffic & Emergency Services	78	161	72	47
Developmental Services	38	83	40	21
Technical Services	251	569	217	90
	1035	1871	923	269

Vacancy Rate 2022/2023			
Designations	Total Approved Posts	Vacancies	Variances
Municipal Manager	1	0	0%
CFO	1	0	0%
Other Section 56 managers	5	0	0%
Level 2 Managers	4	1	25%
Divisional Heads	36	5	13%
Total	47	6	38%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans			
	Name of Policy	Approved%	Not Approved
1	Affirmative Action	Yes	
2	Scarce Skill and Retention Policy	Yes	
3	Code of Conduct for employees	Yes	
4	Disciplinary Code and Procedures	Yes	
5	Emergency plan	Yes	
6	Employee Assistant Programme policy	Yes	
7	Employment Equity policy	Yes	
8	Cellphone Policy	Yes	
9	Grievance Procedures	Yes	
10	HIV/Aids	Yes	
11	Training policy	Yes	
12	Information Technology	Yes	
13	Job Evaluation		No
14	Leave	Yes	
15	Occupational Health and Safety	Yes	
16	Personal and Protective Clothing Policy	Yes	
17	Substance Abuse Policy	Yes	
18	Official transport to attend Funerals	Yes	
19	Official Working Hours and Overtime	Yes	
20	Security of Council Vehicles		No
21	Sports and Recreation Policy		No
22	Performance Management and Development	Yes	
23	Recruitment, Selection and Appointments	Yes	
24	Remuneration Scales and Allowances	Yes	
25	Bursary Policy	Yes	
26	Sexual Harassment	Yes	
27	Training policy	Yes	
28	Smoking Policy	Yes	
29	Special Skills	Yes	
30	Travel and Car Allowance policy	Yes	
31	Compensation of Occupational Injury Disease	Yes	
32	Policy in respect of officials in Political Office	Yes	

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty July 2023–June 2024						
Type of injury	Number of injuries	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
		Days	No.	%	Days	R'000
Required basic medical attention only	31	341	16	0	4	R22507.00
Temporary total disablement	0	0	0	0	0	0
Permanent disablement	0	0	0	0	0	0
Fatal	0	0	0	0	0	0
Total	31	341	16		4	R22507.00
T4.3.1						

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Senior Management (Levels 1-2)	20	3	2	12	0	289329.12
Highly skilled supervision (Levels 3-5)	28	17	2	102	0.50	200133.20
Highly skilled production (levels 6-8)	177	30	21	192	15.13	702874.58
Skilled (levels 9-12)	93.19	26	16	388	22	488389.98
Lower Skilled (Levels 13-17)	74	14	11	348	11.56	442063.13
MM	0.22	0	0	1	3	6976.35
Total	3725	682	657	1185		

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
MD Molewa	<p>Contravention of section 217(1) of Act 108 of 1996</p> <p>Contravention of schedule 2 paragraph 2 of code conduct of the municipal employees in terms of Act 32 of 2000</p> <p>Contravention of paragraph 20(7) of the Supply Chain Management Policy 2017/18</p> <p>Contravention of Regulation 29 (1) (a) of Supply Chain Management of 2017</p>	13 April 2022	<p>The disciplinary hearing was scheduled as follows: 24 June 2022. The matter postponed signed by both parties.</p> <p>IMATU referred the matter to Bargaining council and the date for Arbitration is scheduled as follows: 17 October 2022</p> <p>Settlement agreement was signed between the parties (the suspension of the employees be uplifted with effect from 1 November 2022. Matter postponed to 1 and 2 February 2023</p> <p>The next date for disciplinary hearing was 11,12 and 13 September 2023. On 11 September 2023 the Employees have raised points in limine. We received a ruling on the points in limine raised by the</p>	12 August 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>employees representatives and arranged dates for hearing are the 12 and 18 of December 2023</p> <p>On the 12 December 2023, one witness was led and the matter still to proceed on the 19 and 20 March 2024.</p> <p>The matter is finalised and the employee is dismissed</p>	
M Nkwana	<p>Contravention of section 217(1) of Act 108 of 1996</p> <p>Contravention of schedule 2 paragraph 2 of code conduct of the municipal employees in terms of Act 32 of 2000</p> <p>Contravention of paragraph 20(7) of the Supply Chain Management Policy 2017/18</p> <p>Contravention of Regulation 29 (1) (a) of Supply Chain Management of 2017</p>	13 April 2022	<p>The disciplinary hearing was scheduled as follows: 24 June 2022. The matter postponed signed by both parties.</p> <p>IMATU referred the matter to Bargaining council and the date for Arbitration is scheduled as follows: 17 October 2022</p> <p>Settlement agreement was signed between the parties (the suspension of the employees be</p>	10 April 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>uplifted with effect from 1 November 2022. Matter postponed to 1 and 2 February 2023</p> <p>The next date for disciplinary hearing was 11,12 and 13 September 2023 On 11 September 2023 the Employees have raised points in limine. We received a ruling on the points in limine raised by the employees representatives and arranged dates for hearing are the 12 and 18 of December 2023</p> <p>On the 12 December 2023, one witness was led and the matter still to proceed on the 19 and 20 March 2024.</p> <p>The matter is finalised and the employee is dismissed</p>	
A Hurn			Resigned	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
MJ Mashapo	<p>Contravention of section 217(1) of Act 108 of 1996</p> <p>Contravention of schedule 2 paragraph 2 of code conduct of the municipal employees in terms of Act 32 of 2000</p> <p>Contravention of paragraph 20(7) of the Supply Chain Management Policy 2017/18</p> <p>Contravention of Regulation 29 (1) (a) of Supply Chain Management of 2017</p>	13 April 2022	<p>The disciplinary hearing was scheduled as follows: First appearance 24 June 2022. The matter was postponed signed by both parties.</p> <p>The next hearing date is 21 October 2022. Matter adjourned to the 23&24 November 2022.</p> <p>Matter postponed to 1 and 2 February 2023</p> <p>The next date for disciplinary hearing was 11,12 and 13 September 2023 On 11 September 2023 the Employees have raised points in limine. We received a ruling on the points in limine raised by the employees representatives and arranged dates for hearing are the 12 and 18 of December 2023</p> <p>On the 12 December</p>	12 August 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>2023, one witness was led and the matter still to proceed on the 19 and 20 March 2024.</p> <p>The matter is finalised and the employee is dismissed</p>	
KC Tsebe	<p>Contravention of section 217(1) of Act 108 of 1996</p> <p>Contravention of schedule 2 paragraph 2 of code conduct of the municipal employees in terms of Act 32 of 2000</p> <p>Contravention of paragraph 20(7) of the Supply Chain Management Policy 2017/18</p> <p>Contravention of Regulation 29 (1) (a) of Supply Chain Management of 2017</p>	13 April 2022	<p>The disciplinary hearing was scheduled as follows: First appearance 24 June 2022. The matter was postponed signed by both parties.</p> <p>The next hearing date is 21 October 2022. Matter adjourned to the 23&24 November 2022.</p> <p>Matter postponed to 1 and 2 February 2023</p> <p>The next date for disciplinary hearing was 11,12 and 13 September 2023 On 11 September 2023 the Employees have raised points in limine. We received a ruling</p>	12 August 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>on the points in limine raised by the employees representatives and arranged dates for hearing are the 12 and 18 of December 2023</p> <p>On the 12 December 2023, one witness was led and the matter still to proceed on the 19 and 20 March 2024.</p> <p>The matter is finalised and the employee is dismissed</p>	
E Maseroke	<p>Contravention of schedule 2 paragraph 2 of the code conduct for the Municipal Staff Members</p> <p>Contravention of Municipal Supply Chain Management regulation section 13(1)(a)(b),29 (9)(d) and 34(7)</p> <p>Contravention of supply Chain Management Regulation section 11(1)(a)(b),38</p>	13 June 2022	<p>The disciplinary hearing is schedule as follows: 15 August 2022. The matter was postponed to the 17 & 18 October 2022.</p> <p>The matter is postponed to 7 and 8 November 2022.The next hearing date is 26 and 27 January 2023</p> <p>The next date for hearing is 29 and 30 March 2023</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>(1)(9)(b) and 16(a)</p> <p>Contravention of the Constitution of the Republic of South Afrika, 1996 section 217(1)</p>		<p>The matter is postponed to 28 April 2023</p> <p>The next date for hearing is 17 May 2023</p> <p>The next date for hearing is 28 and 29 August 2023</p> <p>The matter is postponed to the 5 and 6 September 2023.</p> <p>The next date for hearing is 29 and 30 November 2023</p> <p>The hearing proceeding failed to commence due to withdrawal of Chairperson: Mr. Malefahlo. Dan Raseluma of SALGA to be appointed as a new Chairperson</p> <p>The employer appointed a medical practitioner for second opinion on the medical assessment of the employee</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Mathibe B	<p>Contravention of schedule 2 paragraph 2 of the code conduct for the Municipal Staff Members</p> <p>Contravention of supply Chain Management Regulation</p> <p>Contravention of the Constitution of the Republic of South Afrika, 1996 section 217(1)</p>	8 September 2022	<p>The disciplinary hearing is scheduled as follows: 18 November 2022. Matter was postponed to 20 December 2022</p> <p>The next hearing is 9 and 10 February 2023.</p> <p>The next date for hearing was 24 April 2023</p> <p>The next date for hearing is 15 June 2023</p> <p>The next date for disciplinary hearing was 22 and 23 August 2023</p> <p>The matter postponed sine die because the Chairperson was not available.</p> <p>Both parties agreed that the next date for hearing 5 October 2023</p> <p>The matter was postponed to 13 and 14 November 2023</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>The next date for disciplinary hearing is 11,12 and 13 Mach 2024</p> <p>The matter postponed to 27 January 2025.</p>	
Sibanda KG	Dereliction of duty Gr0ss insubordination	30 September 2022	<p>The disciplinary hearing is scheduled as follows: 21 December 2022</p> <p>The next hearing date 24 February 2023</p> <p>The matter is postponed to 17 April 2023</p> <p>The next date for hearing is 8 May 2023</p> <p>The matter was postponed to the 14 June 2023</p> <p>The next date for disciplinary hearing is 14 July 2023</p> <p>The next date for disciplinary hearing is 22 August 2023</p> <p>The matter</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>postponed sine die because the Chairperson was not available.</p> <p>Both parties agreed that the next date for hearing 4 October 2023</p> <p>Both parties closed their case and to submit heads of argument on or before 23 October 2023</p> <p>Still awaiting verdict</p>	
JP Mashamaite	Absenteeism Abscondment	3 October 2022	<p>The disciplinary hearing is scheduled as follows: 29 December 2022</p> <p>The new Chairperson and new Initiator are appointed. Date to be arranged by Chairperson and initiator</p> <p>The disciplinary hearing is scheduled as follows: 27 June 2023</p> <p>The next date for disciplinary hearing is</p>	15 May 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			<p>27 June 2023</p> <p>The next date for disciplinary hearing is 18 August 2023</p> <p>Ruling on application for Legal Representation to be delivered on the 4 September 2023</p> <p>The next date for hearing is 19 October 2023</p> <p>On the 19 October 2023 the matter was postponed to 24 October 2023</p> <p>The matter was postponed due to court application, it is postponed to the 22 November 2023</p> <p>On the 22 November 2023, the Charge Sheet was read to the employee and the matter was postponed 24 January 2024.</p> <p>The matter is finalised the employee is dismissed</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
P Lebelo			Resigned	
RS Matlhabe			Resigned	
L Ramotshela	<p>Contravention of s Schedule 2 paragraph 2 of the Code Conduct of the Municipal Employees in terms of Act 32 2000</p> <ul style="list-style-type: none"> -Disruption of Municipal Water services ; - Unauthorized collection of Municipal water; - Breach of suspension; -Theft; -Dishonesty 	12 June 2023	<p>The disciplinary hearing was scheduled as follows: First Appearance: 10 November 2023</p> <p>The matter is still pending and the next date for hearing is 4 January 2024</p> <p>The matter is finalised and the employee is dismissed</p>	21 November 2024
MI Nyalungi	<p>Contravention of schedule 2 paragraph 2 of the Code Conduct of the Municipal Employees in terms of Act 32 of 2000</p> <ul style="list-style-type: none"> -Disruption of Municipal electricity services -Unauthorized disconnection of Municipal electricity meters -Tempering with municipal infrastructure -Theft -Dishonesty- -Bringing municipality into disrepute 	29 June 2023	<p>The matter was postponed due to court application, it is postponed to the 22 November 2023 The disciplinary hearing was scheduled as follows: First Appearance: 6 December 2023</p> <p>Matter postponed sine die. Still awaiting hearing date</p> <p>The employer and employee entered into a settlement agreement. The</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			employee's suspension is uplifted.	
MD Maleka	<p>Contravention of schedule 2 paragraph 2 of the Code Conduct of the Municipal Employees in terms of Act 32 of 2000</p> <ul style="list-style-type: none"> -Disruption of Municipal electricity services -Unauthorized disconnection of Municipal electricity meters -Tempering with municipal infrastructure -Theft -Dishonesty- -Bringing municipality into disrepute 	29 June 2023	<p>The disciplinary hearing was scheduled as follows: First Appearance: 6 December 2023</p> <p>Matter postponed sine die. Still awaiting hearing date</p> <p>The employer and employee entered into a settlement agreement. The employee's suspension is uplifted.</p>	
MP Mabuela			Resigned	
LS Kutumela	<p>Contravention of schedule 2 paragraph 2 of the Code Conduct of the Municipal Employees in terms of Act 32 of 2000</p> <ul style="list-style-type: none"> -Disruption of Municipal electricity services -Unauthorized disconnection of Municipal electricity meters -Tempering with municipal infrastructure 	29 June 2023	<p>The disciplinary hearing was scheduled as follows: First Appearance: 6 December 2023</p> <p>Matter postponed sine die. Still awaiting hearing date</p> <p>The employer and employee entered into a settlement agreement. The</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	-Theft -Dishonesty- -Bringing municipality into disrepute		employee's suspension is uplifted.	
J Magwai	-Unauthorized and/or uncommunicated absence from work for a period of more than three (3) months. -A serious breach of any terms or conditions of the employment contract.	1 August 2023	Investigation is finalized. Initiator and Chairperson to be appointed. Parties entered into a Plea Agreement. Awaiting Chairperson to sign plea agreement. Employee's suspension is uplifted.	
L Kolotsi	-Insolence. -Intimidation. -Bringing the name of the municipality into disrepute with your behaviour	1 August 2023	The disciplinary hearing was scheduled as follows: First Appearance: 4 December 2023 The matter is still pending and the next date for hearing is 15 and 16 January 2024 The matter is finalised the employee is acquitted and his suspension is uplifted.	
SS Legodi	Unauthorized use or possession of	7 February 2024	Investigation is finalized. Initiator	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>municipal vehicle without obtaining permission/authorization</p> <p>Unlawful use of municipal vehicle for private use</p> <p>Unauthorized use of municipal vehicle on the day announced to be public holiday and whilst not on stand-by</p> <p>Breach of Council vehicle and Vehicle register</p>		<p>and Chairperson to be appointed.</p> <p>First Appearance: is scheduled for 24 October 2024.</p> <p>The matter postponed to 27 November 2024 for the exchange of bundle documents by the parties.</p> <p>The next date for hearing is 30 January 2025</p>	
RM Mukatuni	<p>Theft;</p> <p>In that on 05 December 2023, the amount of R25 032-00 which was in your possession went missing.</p> <p>Dishonesty;</p> <p>Failure to report the missing transactions on time to your immediate supervisor, neither Divisional Head, nor Departmental Manager.</p> <p>Breach of your employment contract;</p> <p>Contravention of schedule 2, Section 2(a)-(d) of the Code of Conduct of the Municipal Employees</p>	14 February 2024	<p>First appearance: 06 June 2024.</p> <p>On the 06 June 2024 the matter postponed to the 25 June 2024.</p> <p>The matter postponed to the 12 July 2024.</p> <p>The matter is finalised. The employee is dismissed.</p>	4 November 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	in terms of Act 32 of 2000; and Any other allegation that might emanate during the investigations and/or disciplinary proceedings.			
Gedeon Ramango	<p>Contravention of 1.2.3 Annexure A of the Conduct and Sanction of the Disciplinary Code Collective Agreement: Perform their tasks and job responsibilities diligently, careful and to the best of their ability. Read together with clause 2 (b) and 8 (1) (d) of the Municipal Systems Act code of conduct of the Municipal Staff Members.</p> <p>-Contravention of Clause 1.2.5 Annexure A of the Disciplinary Procedure Collective Agreement: conduct themselves with honesty and integrity.</p> <p>-Contravention of 1.2.3 Annexure A of the Conduct and Sanction of the Disciplinary Code Collective Agreement:</p>	26 February 2024	The matter is finalised the employee is dismissed.	14 May 2024

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	Perform their tasks and job responsibilities diligently, careful and to the best of their ability. Read together with clause 2 (b) and 8 (1) (d) of the Municipal Systems Act code of conduct of the Municipal Staff Members.			
JV Msiaza	Insubordination Dereliction of duty; and Any other allegation that might emanate during the investigations and/or disciplinary proceedings.	28 February 2024	Investigation on progress The investigation is finalized and the employee is back at work and he is also referred EAP The meeting the Mr Mafoko, Mr Msiza. EAP, LRO and SLA is scheduled for the 22 October 2024' The EAP referred the employee for psychiatrist check-up.	
MS Molaba	Contravention of schedule 2 paragraph 2 (a-e) of the Code Conduct of the Municipal Employees in terms of Act 32 of 2000 Corruption, Fraud and forgery – in that you	14 May 2024	Investigation on progress	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>allegedly presented a false statement or false bank account to the consumer with the intention to obtain some form of benefit or unjustified enrichment;</p> <p>Gross dishonesty – in that you allegedly presented a false statement of false account to the consumer with the intent to deceive him/her the money;</p> <p>Theft – in that after the consumer deposited the money into the account you presented to him/her you failed to transfer or deposit that money into council's account</p> <p>Gross negligence – failure to comply with a standard of care that you would have expected to provide in the completion and fulfilment of your duties or tasks whereby you allegedly enriched yourself with consumer's money.</p> <p>Any other allegation that might emanate during the</p>			

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	investigation and/or disciplinary proceeding			
MA Tshabalala	<p>Contravention of schedule 2 paragraph 2 (a-e) of the Code of Conduct of the Municipal Employees in terms of Act 32 of 2000</p> <p>Corruption, Fraud and forgery – in that you allegedly presented a false statement or false bank account to the consumer with the intention to obtain some form of benefit or unjustified enrichment;</p> <p>Gross dishonesty – in that you allegedly presented a false statement of false account to the consumer with the intent to deceive him/her the money;</p> <p>Theft – in that after the consumer deposited the money into the account you presented to him/her you failed to transfer or deposit that money into council's account</p> <p>Gross negligence –</p>	14 May 2024	Investigation on progress	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	failure to comply with a standard of care that you would have expected to provide in the completion and fulfilment of your duties or tasks whereby you allegedly enriched yourself with consumer's money. Any other allegation that might emanate during the investigation and/or disciplinary proceeding			
LD Mogoroga	Contravention of schedule 2 paragraph 2 (a-e) of the Code Conduct of the Municipal Employees in terms of Act 32 of 2000 Corruption, Fraud and forgery – in that you allegedly presented a false statement or false bank account to the consumer with the intention to obtain some form of benefit or unjustified enrichment; Gross dishonesty – in that you allegedly presented a false statement of false account to the	14 May 2024	Investigation on progress	

Cases of Misconduct and Period of Suspensions

Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>consumer with the intent to deceive him/her the money; Theft – in that after the consumer deposited the money into the account you presented to him/her you failed to transfer or deposit that money into council's account</p> <p>Gross negligence – failure to comply with a standard of care that you would have expected to provide in the completion and fulfilment of your duties or tasks whereby you allegedly enriched yourself with consumer's money.</p> <p>Any other allegation that might emanate during the investigation and/or disciplinary proceeding</p>			
L Chepane	Gross dishonesty, further and /alternative corruption, further and/ alternative bribery, further and/ alternative contravention of Schedule 2 Clause 2(a), (b) and (d) Local Government:	04 June 2024	<p>Employee served with Charge Sheet and to appear in the hearing on the 18 & 19 July 2024</p> <p>Wrote a letter to Popela Maake Attorneys requesting information about the</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>Municipal Systems Act 32 of 2000.</p> <p>Gross dishonesty, further and/ alternative corruption, further and/ alternative interfering with witnesses, further and/ alternative contravention of Schedule 2 Clause 4 (1)(a) Local Government:</p> <p>Municipal Systems Act 32 of 2000.</p> <p>Bringing Employer's name into disrepute by unbecoming conduct</p>		<p>matter because the employee is back at work</p> <p>The employee pleaded guilty to the charges and accepted a sanction of 1 (one)month 's suspension without pay and final written warning valid for 12 Twelve months)</p>	
V Mokonyane	<p>Gross dishonesty, further and /alternative insubordinate, further and/ alternative harassment, further and/ alternative disseminating false and defamatory allegations about the municipality.</p> <p>Gross insolence towards the employer.</p> <p>Gross dishonesty, further and /alternative corruption, further and/ alternative bribery, further and/ alternative contravention of Schedule 2 Clause</p>	Not Suspension on	<p>Employee served with Charge Sheet and to appear in the hearing on the 16 & 17 July 2024</p> <p>The matter is finalized the employee is dismissed.</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>2(a), (b) and (d) Local Government: Municipal Systems Act 32 of 2000.</p> <p>Gross dishonesty, further and/ alternative contravention of Schedule 2 Clause 4 (1)(a) Local Government: Municipal Systems Act 32 of 2000.</p> <p>Bringing Employer's name into disrepute by unbecoming conduct</p>			
HSM Ngoepe	Corruption in relation to Lesibasiba Projects	Not on Suspension	<p>Employee served with Notice of Intention to suspend and still awaiting to be served with Charge Sheet and Hearing date</p> <p>The employee is suspended</p> <p>First Appearance: 3 September 2024. The next date for hearing is 21 and 22 October 2024</p> <p>The next date for hearing is 27 November 2024 and 10,11 and 13 December 2024</p>	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
			The next date for hearing is 29,30, and 31 January 2024	
TT Mabotja	<p>Sabotage / disruption of services – in that as municipal employee you interfered with the normal operations of service delivery of Mogalakwena Local Municipality by interrupting maintenance services at Ext 20.</p> <p>Conduct detrimental to the maintenance of good order within the work place –</p> <p>In that your behavior leads to disharmony within the work place and your behavior is aimed at challenging the authority of the municipality.</p> <p>Bringing the name of the municipality into disrepute – in that your conduct is detrimental to the image and good standing of the municipality and it create negative public image.</p> <p>Insolence – in that your conduct constitutes and shows</p>	26 June 2024	Investigation concluded the employee's suspension is uplifted.	

Cases of Misconduct and Period of Suspensions				
Name of Employee	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
	<p>disrespect to the municipality.</p> <p>Incitement – in that you unlawfully communicate with community members of Ext 20 with intention of influencing them to commit sabotage/ disruption of service delivery.</p> <p>Loafing/ Idleness – in that while other employees are at work performing their duties, you, you go around Ext 20 during working hours disrupting/ sabotaging service delivery offer to the community by the municipality your employer.</p>			

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4 SKILLS DEVELOPMENT AND TRAINING

The MLM has committed itself in enhancing skills development and overcoming skills gap. The municipality has approved the skills development framework and Workplace skills plan that provides continuous capacity building and stability. In this regard, the Workplace Skills Plan (WSP) as required by LGSETA, was used as a strategic blue print to guide and direct training activities within the departments with a view to addressing the core and critical skills.

The Workplace skills plan has provided the municipality with a critical quantitative and qualitative information that enable the MLM to:

- To determine skills requirements and priorities across the departments.
- To understand the skills profile and competencies of the municipality.
- To develop a picture of areas where there is a high demand for skills development.

Skills Development Expenditure						
						R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2023/24			
		No.	Training		Skills programmes & other short courses	
			Original Budget	Actual	Target No	Actual No
Level 0-1	Female	2	969758.00	862225.07	3	2
	Male	3				1
Level 2-3	Female	7			10	5
	Male	29				4
Level 4-6	Female	40			15	5
	Male	61				4
Level 7-12	Female	90			13	6
	Male	171				4
Level 13-15	Female	36			5	0
	Male	15				0
Level 16-17	Female	238			12	5
	Male	340				5
Sub total	Female	413			58	23
	Male	619				18
Total		1032			58	41

Implementation report: Municipal Regulations on Minimum Competency Level						
Description	A total number of officials employed by municipality (regulation 14(4)(a) and ©)	A total number of officials employed by municipal entity (regulation 14(4)(a) and ©)	Consolidated: Total of A and B	Consolidated Competency assessments completed for A and B (Regulation 14 (4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with regulation 16(Regulation 14(4)(f)).	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)).
Financial officials						
Accounting officer	1	0	1	1	1	1
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	5	0	5	5	5	5
Any other financial officials	56	0	56	32	0	32
Supply chain officials						
Head of supply chain management unit	1	0	1	1	1	0
Supply chain management officials	12	0	12	9	0	9

Implementation report: Municipal Regulations On Minimum Competency Level						
Description	A total number of officials employed by municipality (regulation 14(4)(a) and ©)	A total number of officials employed by municipal entity (regulation 14(4)(a) and ©)	Consolidated: Total of A and B	Consolidated Competency assessments completed for A and B (Regulation 14 (4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with regulation 16(Regulation 14(4)(f)).	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)).
Financial officials						
Accounting officer	1	0	1	1	1	1
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	6	0	6	6	6	6
Any other financial officials	58	0	58	25	0	25
Supply chain officials						
Head of supply chain management unit	1	0	1	1	1	1
Supply chain management officials	11	0	11	7	0	7

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

INTRODUCTION TO FINANCIAL STATEMENTS

Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

The municipality compiled a cash-backed budget with the aim of providing water and sanitation, roads and storm water, refuse removal and electricity to 109000 households. The IDP and budget identified projects that should be funded for implementation in the 2023/2024 MTREF. However, this budget, though cash-backed, posed a number of challenges because the revenue base has grown minimally in real terms.

As important as revenue and expenditure management is, it is just as important to collect revenue. Responsible spending is also important and is enforced to ensure that Mogalakwena continues providing services and paying its creditors and employees without relying on loans and interventions.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary R' 000						
Description	2022/23	Current year 2023/24			2023/24 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	91 416	96 349	96 349	96 833	1%	1%
Service charges	399 651	655 355	677 248	403 634	-38%	-40%
Investment revenue	4 885	3 348	8 748	7 700	130%	-12%
Transfers recognised - operational	535 711	587 164	597 709	587 185	0%	-2%
Other own revenue	97 543	75 966	87 598	108 676	43%	24%
Total Revenue (excluding Capital transfers & contributions)	1 129 206	1 418 183	1 467 652	1 204 027	-15%	-18%
Employee costs	355 042	411 319	357 938	355 768	-14%	-1%
Remuneration of councillors	10 524	18 009	24 630	24 522	36%	0%
Depreciation & asset impairment	–	100 410	145 724	–	-100%	-100%
Finance charges	2 497	2 561	1 621	1 930	0%	0%
Materials and bulk purchases	304 047	382 069	365 836	356 318	-7%	-3%
Transfers and grants	59	517	265	179	-65%	-32%
Other expenditure	263 382	468 360	619 836	558 370	19%	-10%
Total Expenditure	935 551	1 383 244	1 515 850	1 297 086	-6%	-14%
Surplus/(Deficit)	193 655	34 938	(48 198)	(93 059)		
Transfers recognised - capital	138 204	311 599	456 013	846 482	172%	86%
Contributions recognised - capital & contributed assets			31 348	62 696		
Surplus/(Deficit) after capital transfers & contributions	331 859	346 537	439 164	816 118	136%	86%
Share of surplus/ (deficit) of associate	–	–	–	–		
Surplus/(Deficit) for the year	331 859	346 537	439 164	816 118	136%	86%
Capital expenditure & funds sources						

Chapter 5

Financial Summary R' 000						
Description	2022/23	Current year 2023/24			2023/24 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Capital expenditure	246 661	311 599	502 731	481 291		
Transfers recognised - capital	241 044	311 599	487 361	462 254	48%	-5%
Public contributions and donations	–	–	–	–	0	0
Borrowing	–	–	–	–	0	0
Internally generated funds	5 617	–	15 370	19 038	0%	24%
Total sources of capital funds	246 661	265 381	272 081	481 291	81%	77%
<u>Financial position</u>						
Total current assets	361 742	826 417	777 581	583 117	-29%	-25%
Total non current assets	4 877 665	5 639 661	4 862 851	4 936 678	-12%	2%
Total current liabilities	629 443	339 934	397 379	32 057	-91%	-92%
Total non current liabilities	130 332	123 053	123 053	110 789	-10%	-10%
Community wealth/Equity	4 506 277	5 656 554	4 606 524	5 278 543	-7%	15%
<u>Cash flows</u>						
Net cash from (used) operating	230 907	371 454	511 909	1 379 825	271%	170%
Net cash from (used) investing	(239 157)	(307 750)	(446 732)	(480 665)	56%	8%
Net cash from (used) financing	–	–	(3)	393	0	0
Cash/cash equivalents at year end	59 974	141 575	90 212	939 876	564%	942%
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	40 344	83 261			-100%	#DIV/0!
Application of cash and investments		(48 426)			-100%	#DIV/0!
Balance - surplus (shortfall)	40 344	131 687	–	–		
<u>Asset management</u>						
Asset register summary (WDV)	4 874 028	5 623 524			-100%	#DIV/0!
Depreciation and asset impairment	69 102	100 410			-100%	#DIV/0!
Renewal of Existing Assets	–	–			0%	0%
Repairs and Maintenance	38 175	45 377			-100%	#DIV/0!

Chapter 5

Financial Summary						
R' 000						
Description	2022/23	Current year 2023/24			2023/24 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						T5.1.1

Chapter 5

Financial Performance of Operational Services R '000						
Description	2022/23	2023/24			2023/24 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	158 622	185 225	213 488	133 334	51 892	80 155
Waste Water (Sanitation)	17 977	17 244	13 241	9 975	7 268	3 266
Electricity	317 799	397 512	380 740	368 838	28 674	11 903
Waste Management	40 191	53 484	96 038	90 428	(36 944)	5 609
Housing	873	1 222	1 351	952	270	399
Component A: sub-total	535 462	654 687	704 858	603 527	51 160	101 331
Waste Water (Stormwater Drainage)						
Roads	26 205	90 945	96 090	52 017	38 928	44 074
Transport					–	–
Component B: sub-total	26 205	90 945	96 090	52 017	38 928	44 074
Planning					–	–
Local Economic Development	2 165	44 986	34 827	31 996	12 990	2 831
Component B: sub-total	2 165	44 986	34 827	31 996	12 990	2 831
Planning (Strategic & Regulatory)		–	–		–	–
Local Economic Development		–	–		–	–
Component C: sub-total	–	–	–	–	–	–
Community & Social Services	22 851	34 574	35 047	24 540	10 033	10 507
Environmental Protection	–	–	–	–	–	–
Health	–	–	–	–	–	–
Security and Safety	66 487	57 576	80 128	79 808	(22 232)	319
Sport and Recreation	21 194	30 038	30 976	24 645	5 394	6 331
Corporate Policy Offices and Other	1 279	1 474	1 562	1 546	(72)	17
Component D: sub-total	111 811	123 662	147 713	130 539	(6 877)	17 174
Total Expenditure	675 643	914 280	983 488	818 079	96 201	165 409
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
						T5.1.2

5.2 GRANTS

Grant Performance						
R' 000						
Description	2022/23	2023/24		2023/24 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
-						
<u>Operating Transfers and Grants</u>						
National Government:	535 473	574 110	574 110	573 978	0%	0%
Equitable share	530 210	574 110	574 110	573 978	0%	0%
Municipal Systems Improvement	-	-	-	-	0%	0%
Department of Water Affairs	-	-	-	-	0%	0%
Levy replacement	-	-	-	-	0%	0%
Other transfers/grants [insert description]	5 263	-	-	-	#DIV/0!	#DIV/0!
Provincial Government:	-				0%	0%
Health subsidy	-	-	-	-	0%	0%
Housing	-	-	-	-	0%	0%
Ambulance subsidy	-	-	-	-	0%	0%
Sports and Recreation	-	-	-	-	0%	0%
Other transfers/grants [insert description]	-	-	-	-	0%	0%
District Municipality:	238	-	-	-	#DIV/0!	#DIV/0!
<i>WDM</i>	238	-	-	-	#DIV/0!	#DIV/0!
					0%	0%
Other grant providers:	-	-	-		0%	0%
<i>[insert description]</i>	-	-	-		0%	0%
					0%	0%
Total Operating Transfers and Grants	535 711	574 110	574 110	573 978	0%	0%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
T5.2.1						

5.3 ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/2024				
Asset 1				
Name	KROOMKLOOF WATER TREATMENT WORKS			
Description	KROOMKLOOF WATER TREATMENT WORKS			
Asset Type	Water Infrastructure			
Key Staff Involved	PMU (Technical Services)			
Staff Responsibilities	Project management, Administration and Reporting			
Asset Value	2020/21	2021/22	2022/23	2023/24
	0	0	0	67 598 672
Capital Implications	RBIG			
Future Purpose of Asset	Water Resource Development			
Describe Key Issues	Water Treatment Works			
Policies in Place to Manage Asset	Asset Management Policy			

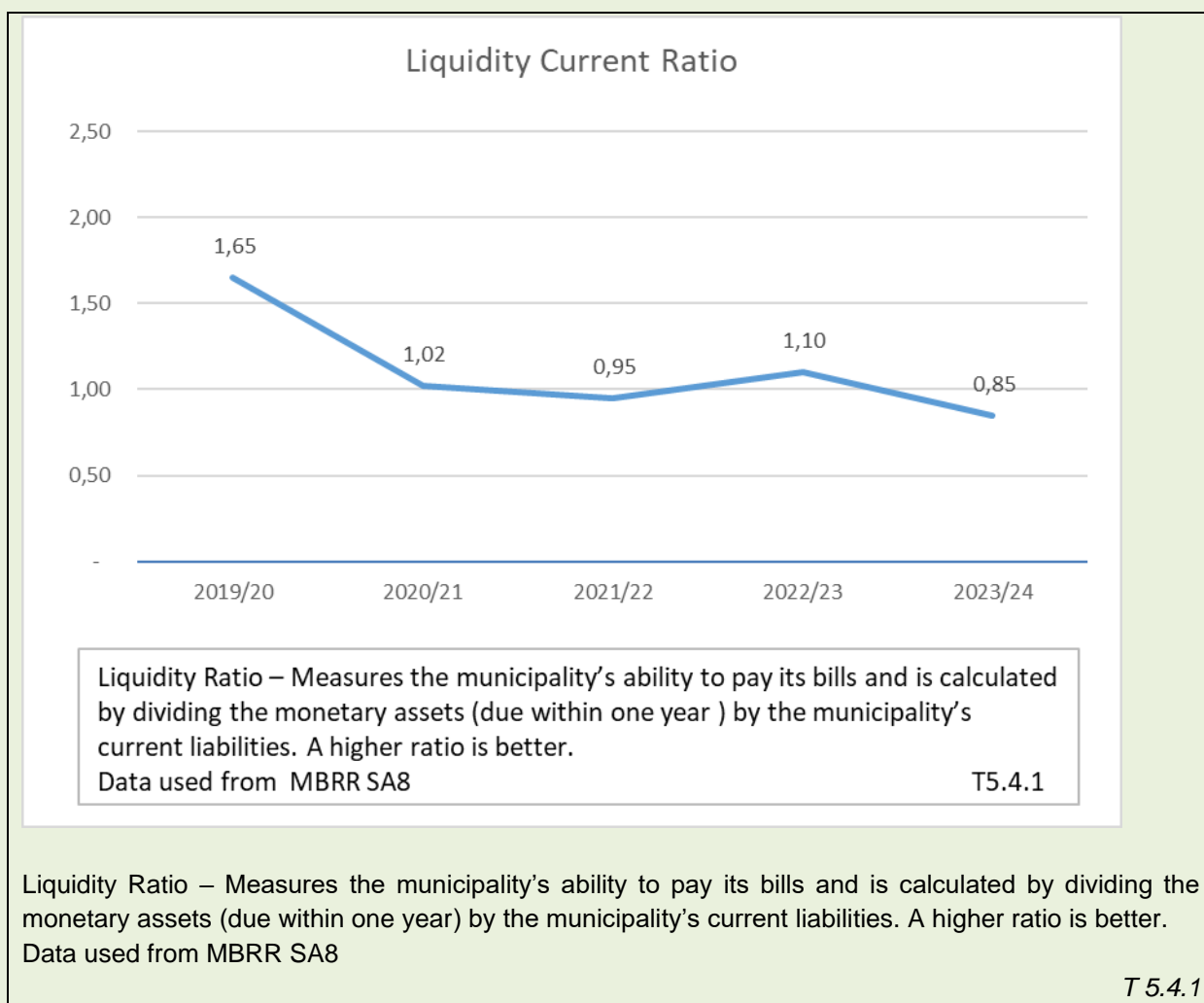
Asset 2				
Name	CONSTRUCTION OF MINI WATER SCHEME 13			
Description	CONSTRUCTION OF MINI WATER SCHEME 13			
Asset Type	Vehicles			
Key Staff Involved	PMU (Technical Services)			
Staff Responsibilities	Project management, Administration and Reporting			
Asset Value	2020/21	2021/22	2022/23	2023/24
	0	0	0	52 334 002
Capital Implications	MIG			
Future Purpose of Asset	Water Resource Development			
Describe Key Issues	Reticulation Pipes			
Policies in Place to Manage Asset	Asset Management Policy			

Asset 3				
Name	JAKKALSKUIL CONTRACT 06			
Description	JAKKALSKUIL CONTRACT 06			
Asset Type	Water Infrastructure			
Key Staff Involved	PMU (Technical Services)			
Staff Responsibilities	Project management, Administration and Reporting			
Asset Value	2020/21	2021/22	2022/23	2023/24
	0	0	0	42 284 882
Capital Implications	MIG			
Future Purpose of Asset	Water Infrastructure			
Describe Key Issues	3.5 Megalitres Reservoir and Bulk Pipes			

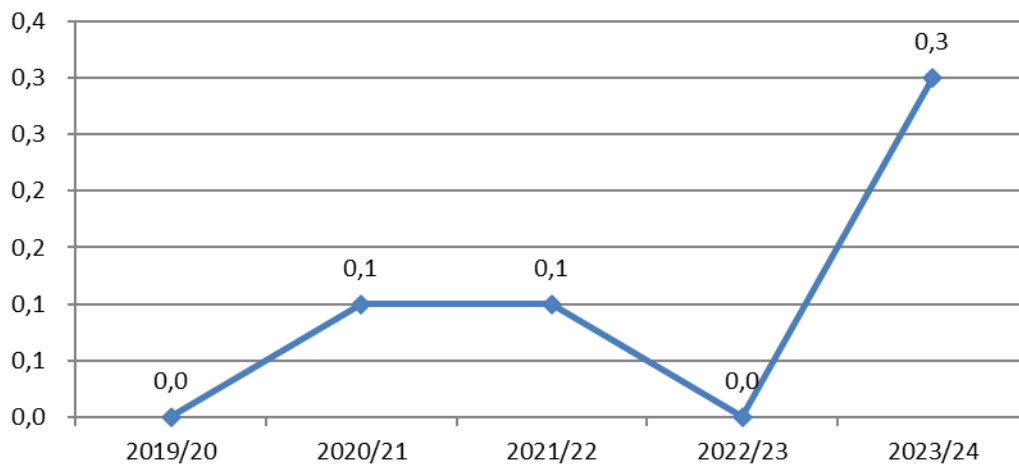
Policies in Place to Manage Asset	Asset Management Policy
T5.3.2	

Repair and Maintenance Expenditure 2023/24				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	52 703	54 268	38 175	(16 093)
T5.3.4				

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Cost Coverage



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

Data used from MBRR SA8

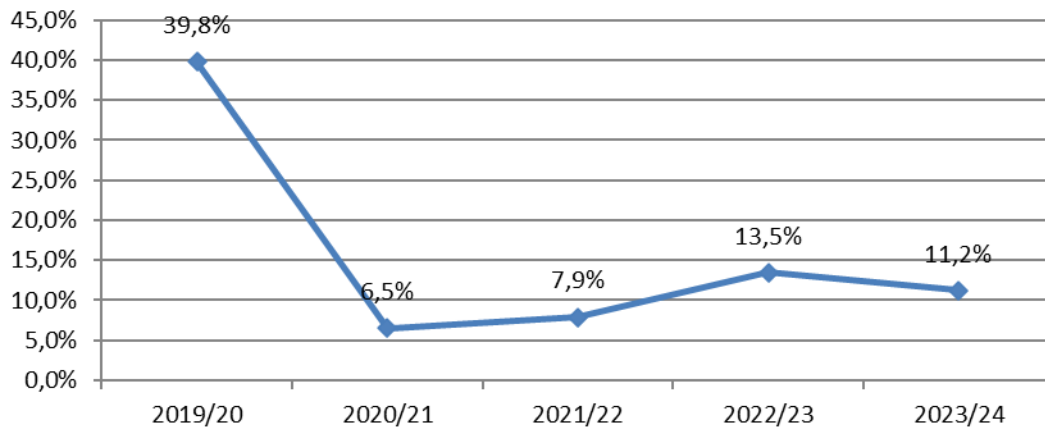
T5.4.2

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

Data used from MBRR SA8

T 5.4.2

Total Outstanding Debtors



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

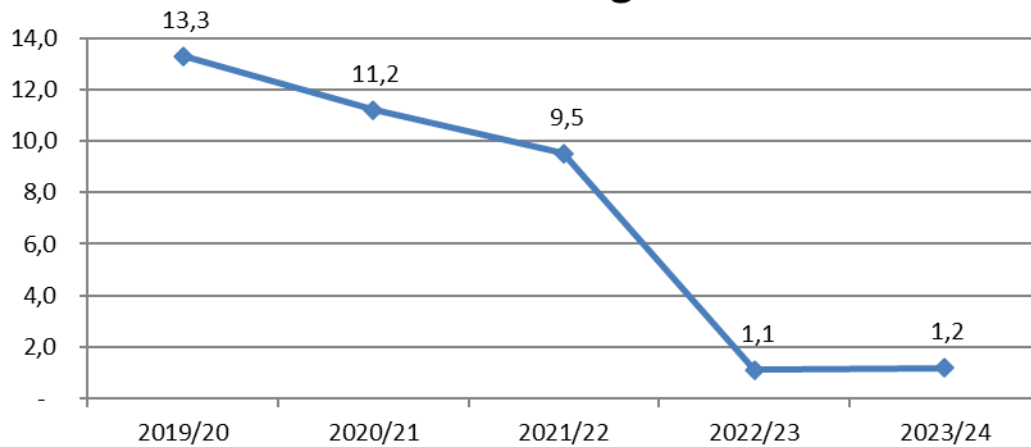
Data used from MBRR SA8

T5.4.3

Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better. Data used from MBRR SA8

T 5.4.3

Debt Coverage

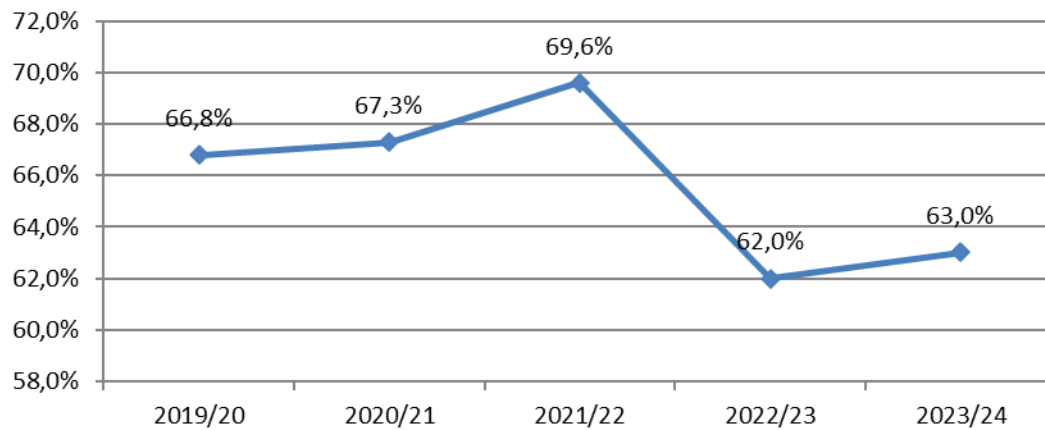


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality
Data used from MBRR SA8 T5.4.4

Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality
Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency



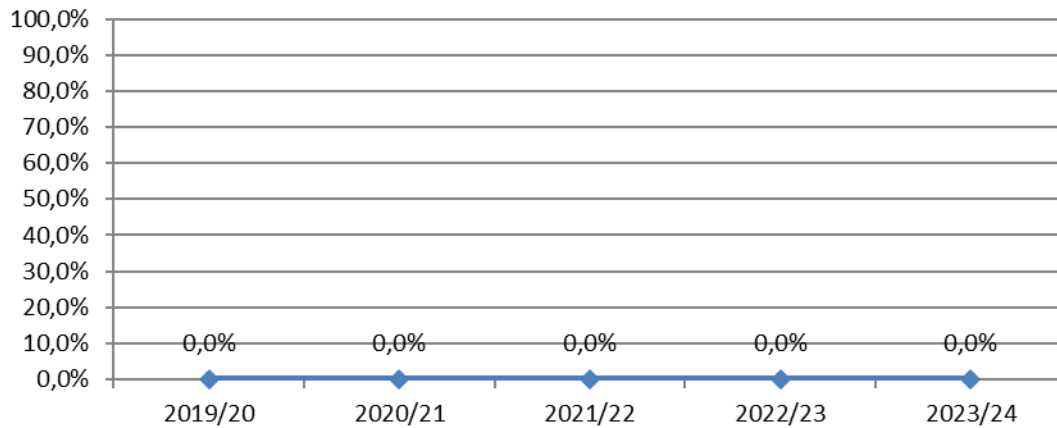
Creditor System Efficiency - The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T5.4.5

T 5.4.5

Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

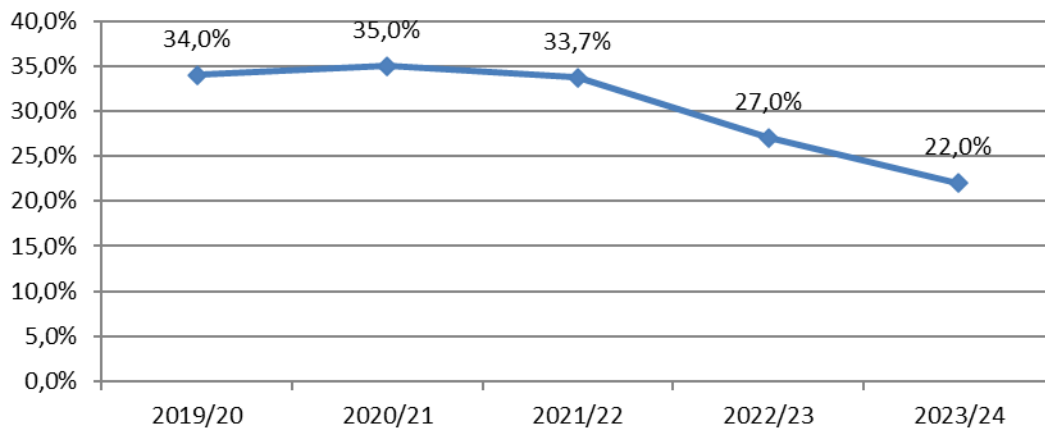
T5.4.7

Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs



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

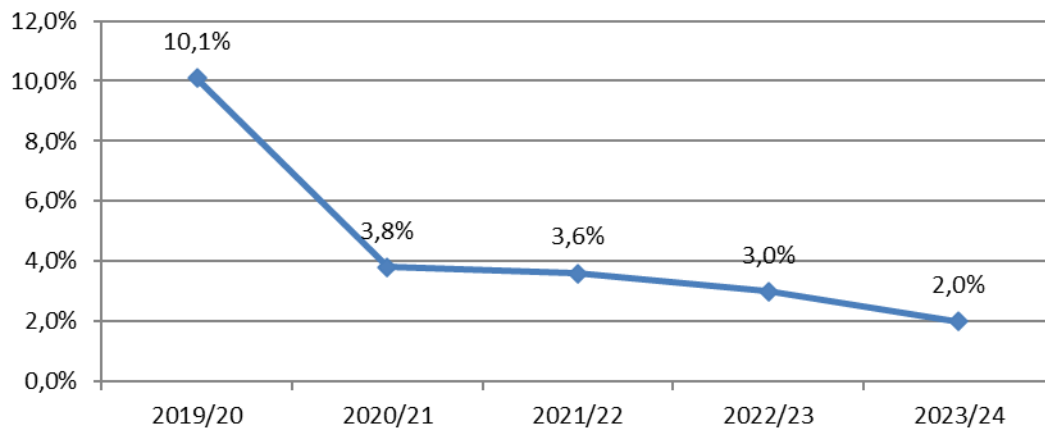
Data used from MBRR SA8

T5.4.7

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

T 5.4.7

Repairs & Maintenance



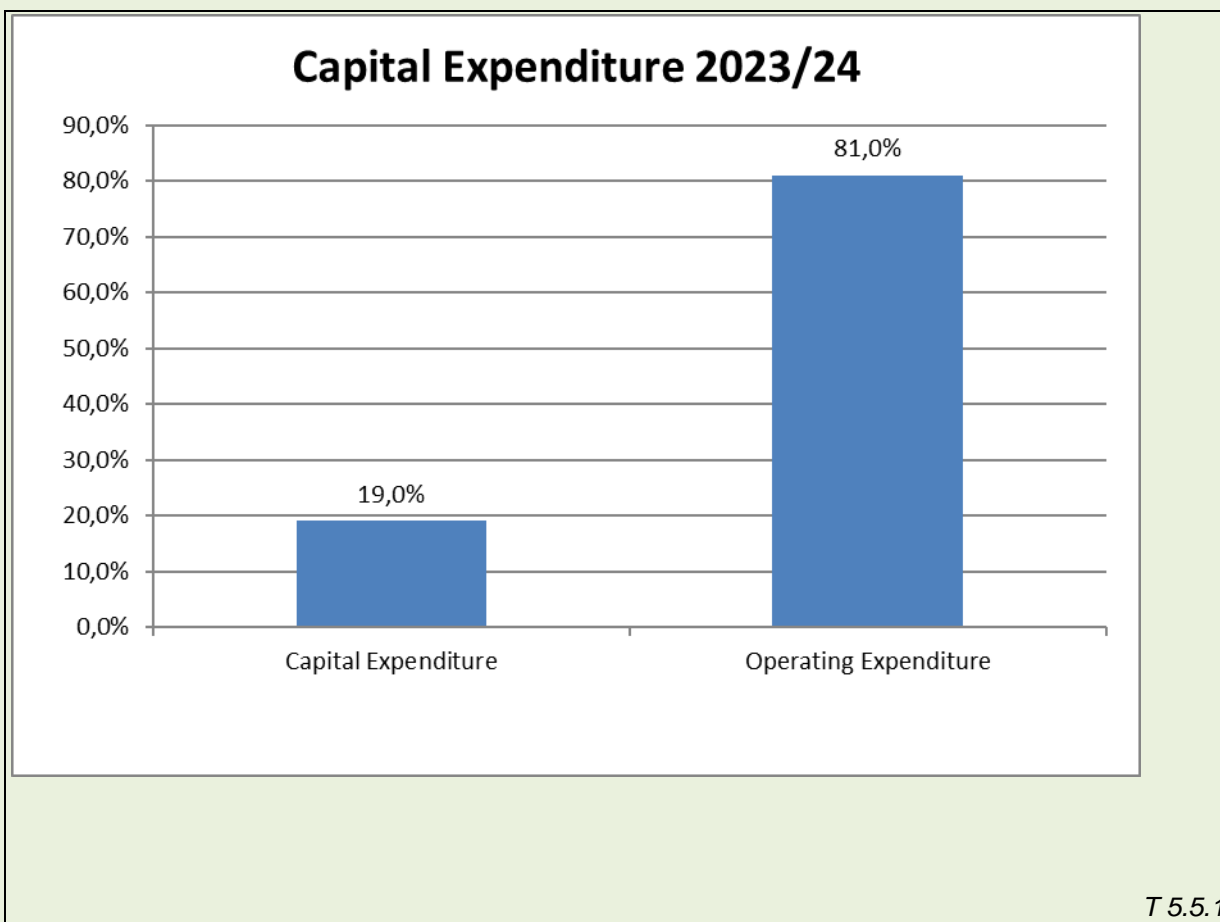
Repairs and Maintenance - This represents the portion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources 2022/23 - 2023/24							
R' 000							
Details		2022/23	2023/24				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
Total	External loans	–	–	–			
	Public contributions and donations	–	–	–	31 348		
	Grants and subsidies	241 044	311 599	456 013	430 906	38%	-6%
	Other	5 617	–	–	–	0%	#DIV/0!
	Total	246 661	311 599	456 013	462 254	48%	1%
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%		
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%		
	Grants and subsidies	98%	100%	100%	93%	-7%	-7%
	Other	2%	0%	0%	0%	#DIV/0!	#DIV/0!

Capital expenditure							
	Water and sanitation	170 201	199 629	400 766	383 703	92%	-4%
	Electricity	5 050	20 153	12 272	10 812	-46%	-12%
	Housing	–	–	–	–	0%	0%
	Roads and storm water	35 648	54 317	87 291	81 879	51%	-6%
	Other	35 762	37 500	2 402	4 897	-87%	104%
Total		246 661	311 599	502 731	481 291	54%	-4%
Percentage of expenditure							
	Water and sanitation	69%	64%	80%	80%	24%	0%
	Electricity	2%	6%	2%	2%	-65%	-8%
	Housing	0%	0%	0%	0%	0%	0%
	Roads and storm water	14%	17%	17%	17%	-2%	-2%
	Other	14%	12%	0%	1%	-92%	113%

Capital Expenditure - Funding Sources 2022/23 - 2023/24						
R' 000						
Details	2022/23	2023/24				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
T5.6.1						

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R'000					
Name of Project	Current Year			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
KROOMKLOOF WATER TREATMENT WORKS	10 000 000	67 598 673	67 598 672	-576.0%	0.0%
CONSTRUCTION OF MINI WATER SCHEME 13	-	52 334 002	52 334 001	0.0%	0.0%
JAKKALSKUIL CONTRACT 06	9 000 000	44 609 883	42 284 882	-369.8%	5.2%
REFURBISHMENT OF COMMUNITY RESERVOIRS	10 000 000	39 933 063	36 092 151	-260.9%	9.6%
MINI WATER SCHEME 13 PHASE 2	-	39 815 170	38 512 420	#DIV/0!	3.3%

The 5 biggest projects by approved budget in the municipality are Kroomkloof Water Treatment Works, Mini water scheme 13, Jakkalskuil Contract 06, Refurbishment of Community Reservoirs and Mini Water Scheme 13 Phase 2.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

There is a need to balance economic development needs with social investments needs. It is therefore important for the municipality to identify changes in basic services needs through natural population growth as well as through growth (or contraction) from migration. The service delivery patterns within the municipal area is influenced mainly by the maintenance requirements, indigent support as well as future infrastructure development.

T 5.8.1

Service Backlogs as at 30 June 2024 Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	70344	85%	12331	15%
Sanitation	42911	52%	39764	48%
Electricity	72691	88%	9984	12%
Waste management	32305	39%	50370	61%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				T5.8.2

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash management includes all activities that the municipality operates for maximum availability of funds and the optimal rate in investment in securities, within the framework of laws and procedures. Financial planning is an important part of program management. The municipality receives money for services and functions exactly here starts the concept of management of money. It ends when the money distributed to creditors. The objective of cash management is to ensure the availability of sufficient funds to meet the needs of the municipality with a minimum cost. Financial planning should be an integral part of the overall process of the municipal budgeting process. Without a plan the municipality cannot create a long-term vision for the timely realization of receipts and payments and in this way cannot effectively provide money or investment optimally.

T 5.9

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2022/23	Current year 2023/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	854 194	528 113	735 137	733 510
Government - operating	215 473	585 613	598 787	588 429
Government - capital	284 022	311 999	400 980	452 091
Interest	3 871	3 348	7 848	7 611
Dividends	–	–	–	–
Payments	–			
Suppliers and employees	(1 076 322)	(1 055 058)	(1 228 282)	–
Finance charges	–	(2 561)	(2 561)	–
Transfers and Grants	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	281 237	371 454	511 909	1 781 641
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	3 867	3 848	3 848	626
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	37 119			
Decrease (increase) in non-current investments	–	–	–	–
Payments	–			
Capital assets	(254 720)	(311 599)	(450 580)	(481 291)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(213 733)	(307 750)	(446 732)	(480 665)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	(3)	393
Payments				
Repayment of borrowing	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	(3)	393
NET INCREASE/ (DECREASE) IN CASH HELD	67 504	63 704	65 174	899 553
Cash/cash equivalents at the year begin:	68 198	77 871	25 038	40 324
Cash/cash equivalents at the year-end:	135 701	141 575	90 212	939 876
Source: MBRR SA7	T5.9.1			T5.9.1

COMMENT ON CASH FLOW OUTCOMES:

The Statement of Cash Flows (or Cash Flow Statement) shows the movement in the cash account of the municipality. It presents cash inflows (receipts) and outflows (payments) in the three activities of the municipality: operating, investing, and financing. The municipality follows the accrual basis in measuring income and expenses.

Through analysis of the municipality's cash flow statement, it can be noted that the municipality is not generating sufficient actual cash in order to meet its expenditure obligations. Cash and cash equivalents at the end of the period increased from 30 June 2023 to 30 June 2024

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Municipal investments are management in accordance with the Municipal Finance Management Act (Act 56 of 2003), the Municipal Investment Regulations as well as council's Cash Management and Investment Policy. Great care is taken to ensure that invested funds are safeguarded at all times. The municipality invests its own surplus funds not readily needed for service delivery as well as grant funds not yet utilised.

The municipality has no borrowings and there are no plans to secure borrowings in the near future.

T 5.10.1

Actual Borrowings 2022/23			
	R' 000		
Instrument	2021/22	2022/23	2023/24
Municipality			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Municipality Total	0	0	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0

Actual Borrowings 2022/23			
R' 000			
Instrument	2021/22	2022/23	2023/24
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Entities Total	0	0	0
T5.10.2			

Municipal and Entity Investments			
R' 000			
Investment* type	2021/22	2022/23	2023/24
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government	–	–	–
Listed Corporate Bonds	–	–	–
Deposits - Bank			
Deposits - Public Investment Commissioners	–	–	–
Deposits - Corporation for Public Deposits	66 455	24 925	11 715
Bankers Acceptance Certificates	–	–	–
Negotiable Certificates of Deposit - Banks	–	–	–
Guaranteed Endowment Policies (sinking)	–	–	–
Repurchase Agreements - Banks	–	–	–
Municipal Bonds	–	–	–
Other	–	–	–
Municipality sub-total	66 455	24 925	11 715
<u>Municipal Entities</u>			
Securities - National Government	–	–	–
Listed Corporate Bonds	–	–	–
Deposits - Bank	–	–	–
Deposits - Public Investment Commissioners	–	–	–
Deposits - Corporation for Public Deposits	–	–	–
Bankers Acceptance Certificates	–	–	–
Negotiable Certificates of Deposit - Banks	–	–	–
Guaranteed Endowment Policies (sinking)	–	–	–

Repurchase Agreements - Banks	-	-	-
Other	-	-	-
Entities sub-total	-	-	-
Consolidated total:	66 455	24 925	11 715
			T5.10.4

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Mogalakwena municipality has not entered into any Public Private Partnerships.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Progress is made in the developing and implementing of policies and practices in compliance with the guidelines as set down by the SCM Regulations 2005.

No councilors are members of any committee handling Supply Chain processes. With regards to competency requirements per MFMA Competency Regulation Guidelines, all six supply Chain management officials attended competency courses. Issues around procurement and contract management were raised by Auditor General, which will be addressed by way of action plan in 2022/23 financial year.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

Municipality is fully GRAP compliant, with no deviations from applicable standards. New standards are applied as and when they become effective.

T 5.13.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

Report of the auditor-general to the Limpopo provincial legislature and the council of Mogalakwena local municipality

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of Mogalakwena Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of profit or loss and other comprehensive income, statement of cash flows as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mogalakwena Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (Standards of GRAP) and the requirements of Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (DoRA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

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

MATERIAL LOSSES- ELECTRICITY

7. As disclosed in note 40 to the financial statements, material electricity losses of R66 623 272 (2023: R60 821 491) was incurred, which represents 22% (2023: 25%) of total electricity purchased. Distribution losses relating to electricity are due to illegal connection.

MATERIAL LOSSES- IMPAIRMENT

8. As disclosed in note 42 to the financial statements, material losses were incurred as a result of a write-off of irrecoverable trade debtors.

SIGNIFICANT UNCERTAINTIES

9. With reference to note 48 of the financial statements, the municipality is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result has been made in the financial statements.

RESTATEMENT OF CORRESPONDING FIGURES

10. As disclosed in note 60 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

OTHER MATTERS

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

UNAUDITED SUPPLEMENTARY SCHEDULES

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion on it.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

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

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page XX and XX , forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected development priorities that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority	Page numbers	Purpose
KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	[XX]	The development priority exists to improve efficiency of municipal infrastructure and provision of basic services
KPA 3: LOCAL ECONOMIC DEVELOPMENT	[XX]	Create inclusive and well-coordinated investment opportunities for the growth

Development priority	Page numbers	Purpose
		of the economy

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

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets / measures taken to improve performance

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

22. I did not identify any material findings on the reported performance information for the following development priorities:

- KPA 2: Basic service delivery and infrastructure development
- KPA 3: Local economic development

OTHER MATTER

23. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
25. The table that follows provide information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

<i>Targets achieved: 89%</i> <i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
KPI 15-Number of test conducted reports on Waste Water Quality by 30 June 2024	12	6
KPI 16- Percentage of water loss	25%	26%

MATERIAL MISSTATEMENTS

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2: basic service delivery and infrastructure development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report

REPORT ON COMPLIANCE WITH LEGISLATION

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the Municipality's compliance with legislation.

28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

31. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 122(1) of the MFMA.
32. Material misstatements identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.
33. The oversight report adopted by the council on the 2022-23 annual report was not made public, as required by section 129(3) of the MFMA

EXPENDITURE MANAGEMENT

34. Money owed by the municipality was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.
35. Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.
36. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

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

38. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the procurement of legal services. (Maintenance of fleet).
39. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 and its regulations. This non-compliance was identified in the procurement processes from quotation process
40. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, 2017 preferential procurement regulations 11 and 2022 preferential procurement regulation 4(4) and 5(4). Similar non-compliance was also reported in the prior year.

OTHER INFORMATION IN THE ANNUAL REPORT

41. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
42. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
43. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

45. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
46. The matters reported below are limited to the significant internal control deficiencies that resulted in qualified opinion, material findings on the annual performance report and on compliance with legislation included in this report.
47. There was inadequate oversight regarding financial reporting, compliance and related internal controls to ensure that compliance requirements are met in order to prevent irregular, fruitless and wasteful expenditure.
48. The action plan developed by the leadership to address actual root causes for material findings was not effective as repeat findings were raised during the audit process.
49. Internal controls designed and implemented to ensure accurate financial information were not effective. The preparation of financial information in support of the financial statements preparation process was not adequately executed to ensure a comprehensive review of year-end adjustments and reconciliations; resulting in material adjustments identified and adjusted for through the audit process.
50. Controls over regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information were not adequate as material findings were identified in the financial statements and annual performance report submitted for audit.

MATERIAL IRREGULARITIES

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

MATERIAL IRREGULARITIES IDENTIFIED DURING THE AUDIT

52. The material irregularities identified are as follows:

INEFFECTIVE MANAGEMENT OF REBONE LANDFILL SITE

53. In terms of section 16(1) of the National Environmental Management Waste Act 107 of 2008, A holder of waste must, within the holder's power, take all reasonable measures to:
 - (a) Avoid the generation of waste and where such generation cannot be avoided, to minimize the toxicity and amounts of waste that are generated

(b) Reduce, re-use, recycle and recover waste

(c) Where waste must be disposed of, ensure that the waste is treated and disposed of in an environmentally sound manner

(d) Manage the waste in such a manner that it does not endanger health or the environment or cause a nuisance through noise, odour or visual impacts

(e) Prevent any employee or any person under his or her supervision from contravening this act, and

(f) Prevent the waste from being used for an unauthorised purpose

54. In terms of section 28(1) of the National Environment Management Act 59 of 1998, every person who causes, has caused or may cause significant pollution or degradation of the environment must take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorized by law or cannot reasonably be avoided or stopped, to minimize and rectify such pollution or degradation of the environment.

55. In terms of paragraph 2.1.1(a) of the G:S:B permit- Rebone Waste disposal site, the activities must be managed and operated in accordance with an environmental management system that inter alia identifies and minimizes risk of pollution, including those arising from operations, maintenance, accidents, incidents and non-conformances and those drawn to the attention of the permit holder as a result of complaints.

56. In terms of paragraph 5.1.1 of the G:S:B permit- Rebone Waste disposal site, The permit holder must ensure that the site is operated in such a manner that nuisance conditions or health hazards, or the potential creation of nuisance conditions or health hazards are prevented.

57. In terms of paragraph 5.2.3 of the G:S:B permit- Rebone Waste disposal site, The permit holder must ensure that litter and mud arising from the activities must be cleared from affected areas outside the site as soon as practicable and wind-blown waste and litter must be picked up and removed from fences and vegetation on a daily basis.

58. Contrary to the above requirements, during the site visit performed at Rebone landfill site on the 31 October 2023, we identified that waste on the landfill site was not being managed in a manner that is in compliance with National Environmental Management Waste Act and the G:S:B permit. Waste was identified outside the landfill site and this has a potential to endanger health of the public and/or cause environmental harm. Specifically, we noted the following matters:

- The site has a wire fence and a gate; however, it does not appear to be in accordance with the minimum height requirement of 1.8m per paragraph 1.3.1 of the permit

- No compacting or covering of the waste is done.
 - Wind-blown litter is scattered outside of the site.
 - There are livestock roaming around the landfill site.
59. The non-compliance is likely to result in substantial harm. The mismanagement and the lack of monitoring of the landfill site has a negative impact on the environment and may result in polluted air and the emission of other toxins which pose significant health and safety risks to the general community of Rebone.
60. The extent of the harm could, however, not be determined with absolute certainty. The non-compliance is therefore likely to result in substantial harm if remedial actions are not taken and if the landfill site is not managed in full compliance with the requirements of the landfill site permit and other applicable legislation to address and prevent pollution and harm to the community.
61. The accounting officer was notified of the material irregularity on 18 March 2024 and the following actions were taken to resolve the material irregularity:
- The municipality appointed a service provider on 13 May 2024 for the hiring of plant and plant operations for management and maintenance of rebone landfill site for the duration of 36 months in Mogalakwena local municipality. The service provider and the project manager have developed a monthly schedule of activities for management of the Rebone Landfill site to comply with the conditions as imposed by the Limpopo Department of Economic Development and Tourism.
 - All waste that was identified outside the landfill site, which may endanger health to the public and/or environmental harm, is being cleared by the service provider. Waste compacting and covering is now being done at the landfill site.
 - The Landfill site is now properly fenced in compliance with applicable laws as a 2.4-meter fence has been installed at the landfill site.
 - Dust suppression is done regularly, landfill gas monitoring done regularly, survey to determine waste deposition volumes done regularly and maintenance of the access gravel road to the landfill site is being done.
 - The service provider has implemented controls and management of reclamation activities to ensure compliance with permit conditions.
62. I will follow up on the implementation of the actions in progress and planned actions during my next audit.

EXPENDITURE PAID WITHOUT EVIDENCE OF RECEIPT OF GOODS

63. In terms of section 65(2)(a) of the MFMA, the accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.
64. The municipality appointed service providers to deliver water to the local communities during the period when the municipality was faced with water challenges due to drought. The service providers were to provide their own methods of transportation and would claim the cost at an approved rate per kilometre. After the service providers delivered the water to the communities, they were required to submit proof of delivery to claim for the costs. The documents required for claims processing included proof of delivery, evidence to support the kilometres claimed by the supplier, approved rate per kilometre and locations where the water was delivered to. These transactions took place in the 2020-21 financial year.
65. Contrary to the above requirements, the municipality paid for transactions for which no proof could be provided to validate the claim and confirm that goods and services were received from the suppliers.
- The official responsible (Division Head: Rural Water Operation and Maintenance) for the issuing of orders to the service providers for water tankering, was placed on suspension on 16 March 2023, and went through disciplinary hearing/process which was completed on 26 March 2024 and the sanction was dismissal with immediate effect after the employee was found guilty of misconducts and the dismissal letter was sent on 10 April 2024 to the official indicating that salary for April 2024 was the last payment.
 - The Special Investigations Unit (SIU) is currently investigating the expenditure incurred through a proclamation issued on the 05 March 2021. The investigation was ongoing at the date of this report.
66. The matter handled by SIU is not within the control of the accounting officer and we will track the progress on the SIU investigation outside the MI process, as the accounting officer has implemented controls around payment for goods or services and we have not identified non-compliance where payments were made without confirming receipts of goods or services. The accounting officer has put measures around confirmation of goods or services by the departments before payment is made.

67. I received your written submission on 02 September 2024. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.

PAYMENT FOR WORK NOT DONE

68. In terms of section 65(2)(a) of the MFMA, the accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.

69. The municipality has made payments for work not done in that the contractor over claimed on the underground concrete works, top of the surface bed, claims slabs, inverted beams and formwork which were not on site, various items paid for not on site such as electrical installations, outdoor gym, cricket mat, mini steel grandstand, soccer field and landscaping and irrigation. This is indicative of shortcomings in the municipality's expenditure control processes and that the controls were ineffective, thus resulting in non-compliance with section 65(2) (a) of the MFMA. The expenditure incurred is relating to construction of Moshate Stadium, contract number 03-2015/2016.

70. The non-compliance resulted in a material financial loss of R 12 237 171.00 for Mogalakwena Local Municipality as the municipality incurred expenditure and there was no benefit received/work done.

71. The accounting officer was notified of the material irregularity on 14 December 2019 and responded on the following actions were taken to resolve the material irregularity:

- The accounting officer instituted a preliminary investigation into the matter on 12 February 2020. The preliminary investigation revealed that two officials were directly involved (Deputy Manager Technical Services and Divisional Head: Project Management Unit). The municipality issued letters of suspensions in May 2020 for the duration of the investigation.
- In light of the seriousness of the matter the accounting officer appointed a service provider to conduct a formal investigation. The investigation into the matter was conducted over a period of three months from June to August 2020. The investigation confirmed that a financial loss had indeed occurred and confirmed the identified officials as responsible. The investigation recommended that the officials be charged with act of misconduct.
- A disciplinary hearing was planned in March 2021 for the one official but there was a delay that was caused by the resignation of the accounting officer in March 2021. One

official's disciplinary action was held on the 18th May 2021 whilst the other official took early retirement in January 2021. As the officials are no longer in the employment of the municipality the disciplinary proceedings were withdrawn. Attorneys were appointed on the 15 February 2021 for the recoveries of the money from the supplier. There is intention to recover the monies from the retired employee if unable to recoup it from the supplier. The contractor terminated his contract 07 February 2020.

- Court summons were issued on 08 November 2022 in the high court Polokwane where the municipality is lodging a claim of recovery against the engineer, contractor and the two officials responsible for the MI. The summons were delivered to the defendants. The particulars of the claim included conspiracy and fraud, of R12 273 171.07 of amounts overpaid to the contractor in a bid to recover the money which will be utilized for rebuilding and repairing the Moshate Stadium.
- The defendant raised an exception which was heard on the 10th August 2023 and was dismissed with costs. The matter will now proceed in the normal course of court proceedings however the date of trial has not been set as at the date of this report.

72. On the 2 September 2024 substantiating documentation on the remedial action was received, which included final investigation report 31 October 2023.

73. I will therefore track the progress on the court processes outside the MI process.

74. I received your written submission on 02 September 2024 I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.

PENALTIES AND INTEREST

75. As per the Income tax act no.58 of 1962, Paragraph 2 of Part 11 (EMPLOYEE'S TAX-EMPLOYER'S TO DEDUCT TAX) of the Fourth Schedule states that every employer who pays or becomes liable to pay any amount by way of remuneration to any employee shall, unless the commissioner has granted authority to the contrary, deduct or withhold from that amount by way of employees' tax an amount which shall be determined as provided in paragraph 9, 10,11 or 12, whichever is applicable, in respect of the liability for normal tax of that employee and pay the amount so deducted or withheld to the Commissioner within seven days after the end of the month during which the amount was deducted or withheld.

76. The municipality incurred interests and penalties as a result of late payments of Pay as you earn, skills development levy and Unemployment Insurance Fund for an amount of R977 282, 33 and R615 250.04 in the 2019/2020 and 2020/2021 financial years

respectively. Subsequent to that, it was also noted that there was an amount of R25 409,80 incurred in the 2021/22 financial year. This resulted in non-compliance with paragraph 2 of the 4th Schedule of the Income Tax Act.

77. The non-compliance resulted in a material financial loss for municipality as they incurred interest and penalties, the total amount of R1 617 941.

78. The accounting officer was notified of the material irregularity on 13 December 2022 and the following actions were taken to resolve the material irregularity:

- The expenditure was referred to the financial misconduct board as part of total investigation on fruitless and wasteful expenditure on 29 October 2020 however the investigation commenced on the 17 March 2023 for investigation and reported to MPAC on the 1st of August 2023. The report was approved by council on the 16th of August 2023. The board has noted that the municipality has written an appeal to SARS regarding the issue and will wait for the outcome of the appeal on this issue.
- The Municipality submitted an appeal for the interest and penalties to be written off on 01 March 2023. The outcome of the appeal was that the request for remission is invalid issued on notice dated 13 March 2024.

79. In implementing the remedial action, the accounting officer through council requested financial misconduct board to conduct investigation into the non-compliance to identify any responsible person(s) liable for consequences management. The investigation found that the fruitless and wasteful expenditure was incurred as a result from interest and penalties charged on late payment to SARS. The investigation further found that no official(s) could be held liable for interest and penalties incurred, as the non-payment to SARS and subsequent interest and penalties charged resulted from the problem in the server of the municipality. Council resolution dated 06 August 2024 certified the interest and penalties irrecoverable and written off.

80. The accounting officer appointed the service provider to specifically fix the server problems with appointment letter dated 9 November 2022. We did not identify interest and penalties on late payments to SARS in the audit performed for the year ended 30 June 2024.

81. I received your written submission on 02 September 2024. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.

ASSETS NOT SAFEGUARDED

82. Section 63(1)(a) of the MFMA states that the accounting officer of a municipality is responsible for management of – the assets of the municipality, including safeguarding and maintenance of those assets.
83. Several deficiencies caused by vandalism and theft were noted during the Moshate stadium site visits conducted on the 08 December 2021; and again; on the 02 November 2022. The observations are as follows:
- Roof for the change room was vandalized and roof sheet stolen
 - Fence around combi-courts and equipment were stolen
 - 4 stands and JoJo tanks were vandalized and stolen
 - There was no kikuyi grass on the soccer pitch
 - Outdoor gym roof sheeting and steel bracing were vandalized
 - Landscaping and irrigation installation was also vandalized
84. The site visit conducted revealed that there were neither cameras nor security guards on site to ensure that municipal infrastructure assets were safeguarded. There was no evidence provided to indicate that the municipality opened a case with the law enforcement agencies to report the items stolen and vandalized.
85. The non-compliance resulted in a likely material financial loss for Mogalakwena Local Municipality as the municipality incurred financial loss amounting to more than R948 148.75. Of this amount, an amount of R842 748.75 was paid to replace the original kikuyi grass that was laid. As of 08 December 2021 there were no kikuyi grass observed. Furthermore, as per the site visit on 2 November 2022 it was observed that the kikuyi grass had, in fact, perished. Furthermore, additional financial loss is still to be determined by the municipality as there are additional infrastructure items which were also damaged but with which, we could not quantify as payments were made in a lump sum.
86. The accounting officer failed to comply with section 63(1) (a) of which the non-compliance resulted in a likely material financial loss that was suffered by the municipality.
87. The accounting officer was notified of the material irregularity on 14 December 2022 and the following actions were taken to resolve the material irregularity:
- The accounting officer performed a security assessment conducted on all municipal properties on February 2023 to identify assets that are not safeguarded and has further placed security at Moshate Stadium effective from January 2023.
 - The accounting officer instituted investigation to identify official(s) responsible for the MI on the 01 June 2023 and the investigation was completed on 31 October 2023.

The investigation revealed that two officials were directly involved (Deputy Manager Technical Services and Divisional Head: Project Management Unit).

- The above-mentioned two (2) officials who were in charge of the project were suspended on 20 May 2020 and the notice of termination contract letter was submitted to the municipality by the contractor on 07 February 2020. This was more than 2 months before they left the employ. These officials were responsible for ensuring the municipality assets were safeguarded. According to the chief operating officer, security was a high priority for the municipality and in the absence of security personnel within the municipality, a deviation to outsource would have been made if a request was forwarded to the relevant department
- A disciplinary hearing was planned in March 2021 for the one official but there was a delay that was caused by the resignation of the accounting officer in March 2021. One official's disciplinary action was held on the 18th of May 2021 whilst the other official took early retirement in January 2021. As the officials are no longer in the employment of the municipality the disciplinary proceedings were withdrawn. Attorneys were appointed on the 15 February 2021 for the recovery of the money from the supplier. There is an intention to recover the monies from the retired employee if unable to recoup it from the supplier.
- Court summons were issued on 08 November 2022 in the high court Polokwane where the municipality is lodging a claim of recovery against the engineer, contractor and the two officials responsible for the MI. The summons were delivered to the defendants. The particulars of the claim included conspiracy and fraud, of R12 273 171.07 of amounts overpaid to the contractor in a bid to recover the money which will be utilized for rebuilding and repairing the Moshate Stadium.
- A criminal case has been opened at the South African Police Service against the former employees of the municipality as well as the supplier on 8 November 2021 court case no 8280/2021.

88. The accounting officer has taken adequate steps to address the matter, and the audit process for 2023-24 has confirmed that there are no further losses identified on the project. The accounting officer has ensured that projects are timeously completed and handed over to the communities to avoid vandalism and theft on delayed project.

89. I will therefore track the progress on the court processes outside the MI process.

90. I received your written submission on 02 September 2024. I considered the representations made and the substantiating documents provided and have concluded

that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.

Polokwane

30 November 2024



Annexure to the auditor's report.

The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to

draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii),

Legislation	Sections or regulations
	Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Legislation	Sections or regulations
Managers, 2006	
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and

	express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDICES

APPENDIX A – DISCLOSURES OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July 2023 to 30 June 2024		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	None	None
Member of MayCo / Exco	None	None
Councillor	Chosha Nelson Marakalala	Madela Raks Holding
	Darly Matheba Mphaho	Tshepi lache PTY LTD
	Monique Maartens	Potties Pages
	Malesela Abraam Tsebe	Mokofuto Trading PTY LTD
Municipal Manager	MM Maluleka	Director and owner of Bon Accord Vulstage;Basani Dynamics; Minene petroleum
Chief Financial Officer	KA Ngomane	Mfuwo;Jula café and kulutainment;Risima foundation;Dumanyoma
Deputy MM and (Executive) Directors	None	None
Other S57 Officials	None	None
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

APPENDICES

APPENDICES

APPENDIX B: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX B (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
		543	579	583		582	583	(1		583
Vote 01 - Executive & Council	107	336	653	91	270	653	383)	-0,2%	653	
	5	5	5		2	5	(2		5	
Vote 02 - Corporate Support Services	077	931	957	644	982	957	976)	-50,0%	957	
	113	119	133	28	146	133	12		133	
Vote 03 - Budget And Treasury	539	836	611	144	164	611	552	9,4%	611	
Vote 04 - Planning And Development	198	232	228	44	275	228	47	20,6%	228	
	446	579	755	168	997	755	242		755	
Vote 05 - Technical Services	250	964	678	914	744	678	066	32,0%	678	
	28	27	54	3	40	54	(14		54	
Vote 06 - Community Services	016	895	847	011	161	847	686)	-26,8%	847	
	13	16	15	1	10	15	(4		15	
Vote 07 - Traffic And Security	869	216	234	734	397	234	837)	-31,8%	234	
	337	400	405	22	333	405	(72		405	
Vote 08 - Electrical Services	323	371	805	884	213	805	592)	-17,9%	805	
Vote 09 -	-	-	-	-	-	-	-		-	
Vote 10 -	-	-	-	-	-	-	-		-	
Vote 11 -	-	-	-	-	-	-	-		-	
Vote 12 -	-	-	-	-	-	-	-		-	
Vote 13 -	-	-	-	-	-	-	-		-	
Vote 14 -	-	-	-	-	-	-	-		-	
Vote 15 - Other	-	-	-	-	-	-	-		-	
Total Revenue by Vote	2	1 487 380	1 729 781	1 955 013	225 466	2 113 205	1 955 013	158 191	8,1%	1 955 013

APPENDIX B (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		333	400	400	22	322	400	(78		400
Service charges - Water		674	511	501	891	376	501	125)	-20%	501
Service charges - Waste Water Management		107	204	204	(8	28	204	(176		204
Service charges - Waste management		101	844	844	686)	073	844	771)	-86%	844
Sale of Goods and Rendering of Services		20	29	25	1	21	25	(3		25
Agency services		184	454	447	793	620	447	826)	-15%	447
Interest		19	20	46	2	31	46	(14		46
Interest earned from Receivables		786	545	456	010	564	456	892)	-32%	456
Interest from Current and Non Current Assets		3	4	2		1	2			2
Dividends		038	084	211	208	896	211	(316)	-14%	211
Rent on Land		12	10	12	1	9	12	(2		12
Rental from Fixed Assets		193	421	372	593	787	372	585)	-21%	372
Licence and permits		-	-	-	-	-	-	-		-
Operational Revenue		56	35	46	4	55	46	9		46
Non-Exchange Revenue		754	731	761	473	838	761	077	19%	761
Property rates		4	3	8		7	8	(1		8
Surcharges and Taxes		885	348	748	89	700	748	049)	-12%	748
Fines, penalties and forfeits		-	-	-	-	-	-	-		-
Licence and permits		-	2	2		2	2	-		2
		661	027	027	159	284	027	257	13%	027
		-	951	-	-	-	-	-		-
		1		1		1	1			1
		840	336	977	165	762	977	(216)	-11%	977
		91	96	96	8	96	96	-		96
		416	349	349	076	833	349	484	1%	349
		2	4	4	420	2	4	(1		4
		226	005	005	420	100	005	905)	-48%	005
									-25%	

		27	11	11	1	8	11	(3)		11
		546	587	597		587	597	(10		597
Transfers and subsidies - Operational		728	164	709	325	185	709	524)	-2%	709
		14	13	13	1	15	13	2		13
Interest		740	551	551	310	683	551	132	16%	551
Fuel Levy								-		
Operational Revenue								-		
			3	3			3	(3		3
Gains on disposal of Assets		756	848	848	478	626	848	222)	-84%	848
		1			17	18		17		
Other Gains		849	-	833	858	691	833	858	2143%	833
Discontinued Operations								-		
Total Revenue (excluding capital transfers and contributions)		1 217	1 418	1 467	53	1 204	1 467	(263	-18%	1 467
		859	183	652	163	027	652	625)		652

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APPENDIX C: CONDITIONAL GRANTS RECEIVED

Description	Re f	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
-										
Operating Transfers and Grants										
National Government:		546	587	597		587	597	(10)		597
		673	164	709	325	185	709	524)	-1,8%	709
Equitable Share		535	574	574		573	574		0,0%	574
		476	110	110	-	978	110	(132)		110
Expanded Public Works Programme Integrated Grant		1	1	1		1	1		0,0%	1
		161	151	151	359	151	151	-		151
Local Government Financial Management Grant		2	2	2		2	2		0,0%	2
		100	100	100	(34)	100	100	-		100
Municipal Disaster Relief Grant				11		3	11	(7	-68,3%	11
		-	-	200	-	551	200	649)		200
Municipal Infrastructure Grant		7	9	9		6	9	(2	-30,0%	9
		936	803	148	-	405	148	743)		148
Other transfers and grants [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
								-		
Other transfers and grants [insert description]								-		
District Municipality:		56	-	-	-	-	-	-		-
<i>Specify (Add grant description)</i>		56	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
<i>[insert description]</i>								-		
Total Operating Transfers and Grants	5	546	587	597		587	597	(10)	-1,8%	597
		728	164	709	325	185	709	524)		709
Capital Transfers and Grants										
National Government:		269	311	456	172	846	456	390		456
		345	599	013	303	482	013	468	85,6%	013

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Integrated National Electrification Programme Grant		753	–	–	–	–	–	–		–
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	217,1%	–
Municipal Infrastructure Grant		660	266	807	194	177	807	370		807
Regional Bulk Infrastructure Grant		51	50	206	6	203	206	(3)	-1,5%	206
Water Services Infrastructure Grant		631	000	873	799	759	873	114)		873
		42	75	75	13	91	75	16	21,5%	75
		301	333	333	309	545	333	212		333
Provincial Government:		–	–	–	–	–	–	–		–
[insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
[insert description]								–		
Other grant providers:		177	–	31	–	62	31	31	100,0%	31
								348		348
[insert description]								–		
Environmental Commissioner		–	–	–	–	–	–	–		–
Housing Development Agency		–	–	–	–	–	–	–		–
Mining Companies		–	–	–	–	–	–	–		–
Private Enterprises		–	–	31	–	62	31	31	100,0%	31
				348		696	348	348		348
Unspecified		177	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	269	311	487	172	909	487	421	86,6%	487
		522	599	361	303	177	361	816		361
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	816	898	1 085	172	1 496	1 085	411	37,9%	1 085
		250	763	070	628	362	070	292		070

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APPENDIX D: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX D (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
-		210	287	467	34	443	467	24	5,2%	467
Infrastructure		667	099	697	053	555	697	142		697
Roads Infrastructure		572	35	317	54	330	62	(290)	918	56
Roads		282	9	197	47	240	45	43	735	45
Road Structures		623	20	-	17	090	13	(290)	183	17
Road Furniture		667	5	120	7	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		985	4	153	20	103	6	(1	643	4
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-

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MV Switching Stations			–	–	–	–	–	–	–	–	–	–	–	–	–	–			
MV Networks			–	–	–	–	–	–	–	–	–	–	–	–	–	–			
LV Networks		4	985	20	103	6	405	(1	4	6	103	6	460	1	23,9%	103	6		
Capital Spares			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Water Supply Infrastructure		149	845	150	775	369	600	31	728	352	775	369	17	046	4,6%	775	369		
Dams and Weirs													–						
Boreholes		25	870	5	410	10	517	1	326	10	107	10	517	10	409	3,9%	517	10	
Reservoirs		2	239	10	000	42	906	42	780	36	092	42	906	42	814	6	15,9%	906	42
Pump Stations			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water Treatment Works		17	532	10	000	67	599	6	020	67	599	67	599	67	0		0,0%	599	67
Bulk Mains			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Distribution		104	204	125	419	248	754	23	474	238	930	248	754	248	824	9	3,9%	754	248
Distribution Points			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
PRV Stations			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Spares			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		20	265	48	800	29	489	4	149	29	265	29	489	29	224		0,8%	489	29
Pump Station															–				
Reticulation			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste Water Treatment Works		20	265	30	800	17	816	4	149	17	816	17	816	17	0		0,0%	816	17
Outfall Sewers															–				
Toilet Facilities			–	18	000	11	673	11	–	11	449	11	673	11	224		1,9%	673	11
Capital Spares															–				
Solid Waste Infrastructure			–	13	000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Landfill Sites			–	13	000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste Transfer Stations																			

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<i>Waste Processing Facilities</i>							-		
<i>Waste Drop-off Points</i>	-	-	-	-	-	-	-	-	-
<i>Waste Separation Facilities</i>							-		
<i>Electricity Generation Facilities</i>							-		
<i>Capital Spares</i>							-		
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<i>Rail Lines</i>							-		
<i>Rail Structures</i>							-		
<i>Rail Furniture</i>							-		
<i>Drainage Collection</i>							-		
<i>Storm water Conveyance</i>							-		
<i>Attenuation</i>							-		
<i>MV Substations</i>							-		
<i>LV Networks</i>							-		
<i>Capital Spares</i>							-		
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
<i>Sand Pumps</i>							-		
<i>Piers</i>							-		
<i>Revetments</i>							-		
<i>Promenades</i>							-		
<i>Capital Spares</i>							-		
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>							-		
<i>Core Layers</i>							-		

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<i>Distribution Layers</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>		24						0,0%	-
Community Assets	866	500	237	-	237	237	0		237
<i>Community Facilities</i>	-	500	16	-	-	-	-		-
<i>Halls</i>									
<i>Centres</i>	-	-	-	-	-	-	-		-
<i>Crèches</i>									
<i>Clinics/Care Centres</i>									
<i>Fire/Ambulance Stations</i>									
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>									
<i>Cemeteries/Crematoria</i>	-	500	16	-	-	-	-		-
<i>Police</i>									
<i>Parks</i>									
<i>Public Open Space</i>									
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>									
<i>Markets</i>									
<i>Stalls</i>									
<i>Abattoirs</i>									
<i>Airports</i>									

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<i>Taxi Ranks/Bus Terminals</i>							-		
<i>Capital Spares</i>							-		
Sport and Recreation Facilities	866	000 8	237	-	237	237	0	0,0%	237
<i>Indoor Facilities</i>	-	-	-	-	-	-	-		-
<i>Outdoor Facilities</i>	866	000 8	237	-	237	237	0	0,0%	237
<i>Capital Spares</i>							-		
<u>Heritage assets</u>	-	-	-	-	-	-	-		-
Monuments							-		
Historic Buildings							-		
Works of Art							-		
Conservation Areas							-		
Other Heritage							-		
							-		
<u>Investment properties</u>	-	-	-	-	-	-	-		-
Revenue Generating	-	-	-	-	-	-	-		-
<i>Improved Property</i>							-		
<i>Unimproved Property</i>							-		
Non-revenue Generating	-	-	-	-	-	-	-		-
<i>Improved Property</i>							-		
<i>Unimproved Property</i>							-		
	3						-		
<u>Other assets</u>	167	-	-	179	179	-	(179)	#DIV/0!	-
Operational Buildings	167	3	-	179	179	-	(179)	#DIV/0!	-
<i>Municipal Offices</i>	167	3	-	179	179	-	(179)	#DIV/0!	-
<i>Pay/Enquiry Points</i>							-		
<i>Building Plan Offices</i>							-		

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<i>Workshops</i>							-		
<i>Yards</i>							-		
<i>Stores</i>							-		
<i>Laboratories</i>							-		
<i>Training Centres</i>							-		
<i>Manufacturing Plant</i>	-	-	-	-	-	-	-		-
<i>Depots</i>							-		
<i>Capital Spares</i>							-		
<i>Housing</i>	-	-	-	-	-	-	-		-
<i>Staff Housing</i>							-		
<i>Social Housing</i>							-		
<i>Capital Spares</i>							-		
	-	-	-	-	-	-	-		-
<u>Biological or Cultivated Assets</u>									
Biological or Cultivated Assets							-		
	1								
<u>Intangible Assets</u>	331	-	-	-	-	-	-		-
Servitudes							-		
	1								
Licences and Rights	331	-	-	-	-	-	-		-
<i>Water Rights</i>							-		
<i>Effluent Licenses</i>							-		
<i>Solid Waste Licenses</i>							-		
	1								
<i>Computer Software and Applications</i>	331	-	-	-	-	-	-		-
<i>Load Settlement Software Applications</i>							-		
<i>Unspecified</i>							-		

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Computer Equipment		9										
	678	-	-	-	-	-	-	-	-			
Computer Equipment	9											
	678	-	-	-	-	-	-	-	-			
			1			1	1			-3,9%	1	
Furniture and Office Equipment	6	-	211	48	259	211	(48)					
Furniture and Office Equipment	6	-	211	48	259	211	(48)			-3,9%	1	
			22	3	25	22	(3			-15,7%	22	
Machinery and Equipment	112	-	254	496	749	254	496)					
Machinery and Equipment	112	-	254	496	749	254	496)			-15,7%	22	
			22	3	25	22	(3					
	28		10		9	10	1			9,5%	10	
Transport Assets	899	-	703	-	683	703	020					
Transport Assets	899	-	703	-	683	703	020			9,5%	10	
Land	-	-	-	-	-	-	-					
Land												
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-					
Zoo's, Marine and Non-biological Animals												
Living resources	-	-	-	-	-	-	-					
Mature	-	-	-	-	-	-	-					
Policing and Protection												
Zoological plants and animals												
Immature	-	-	-	-	-	-	-					
Policing and Protection												
Zoological plants and animals												
Total Capital Expenditure on new assets	1	254	311	502	37	480	502	21	4,3%	502		
	726	599	101	776	661	101	440					

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APPENDIX D (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
-										
Infrastructure		-	-	630	-	630	630	0	0,0%	630
Roads Infrastructure		-	-	-	-	-	-	-		-
Roads								-		
Road Structures								-		
Road Furniture								-		
Capital Spares								-		
Storm water Infrastructure		-	-	-	-	-	-	-		-
Drainage Collection								-		
Storm water Conveyance								-		
Attenuation								-		
Electrical Infrastructure		-	-	630	-	630	630	0	0,0%	630
Power Plants								-		
HV Substations								-		
HV Switching Station								-		
HV Transmission Conductors								-		
MV Substations								-		
MV Switching Stations		-	-	-	-	-	-	-		-

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MV Networks	-	-	-	-	-	-	-	0,0%	-
LV Networks	-	-	630	-	630	630	0		630
Capital Spares									
Water Supply Infrastructure	-	-	-	-	-	-	-		-
Dams and Weirs							-		
Boreholes							-		
Reservoirs							-		
Pump Stations							-		
Water Treatment Works							-		
Bulk Mains							-		
Distribution							-		
Distribution Points							-		
PRV Stations							-		
Capital Spares							-		
Sanitation Infrastructure	-	-	-	-	-	-	-		-
Pump Station							-		
Reticulation	-	-	-	-	-	-	-	-	
Waste Water Treatment Works	-	-	-	-	-	-	-	-	
Outfall Sewers							-		
Toilet Facilities							-		
Capital Spares							-		
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	
Landfill Sites							-		
Waste Transfer Stations							-		
Waste Processing Facilities									

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<i>Waste Drop-off Points</i>							-		
<i>Waste Separation Facilities</i>							-		
<i>Electricity Generation Facilities</i>							-		
<i>Capital Spares</i>							-		
Rail Infrastructure	-	-	-	-	-	-	-		-
<i>Rail Lines</i>							-		
<i>Rail Structures</i>							-		
<i>Rail Furniture</i>							-		
<i>Drainage Collection</i>							-		
<i>Storm water Conveyance</i>							-		
<i>Attenuation</i>							-		
<i>MV Substations</i>							-		
<i>LV Networks</i>							-		
<i>Capital Spares</i>							-		
Coastal Infrastructure	-	-	-	-	-	-	-		-
<i>Sand Pumps</i>							-		
<i>Piers</i>							-		
<i>Revetments</i>							-		
<i>Promenades</i>							-		
<i>Capital Spares</i>							-		
Information and Communication Infrastructure	-	-	-	-	-	-	-		-
<i>Data Centres</i>							-		
<i>Core Layers</i>							-		
<i>Distribution Layers</i>							-		

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Capital Spares								-		
Community Assets	-	-	-	-	-	-	-	-		-
Community Facilities	-	-	-	-	-	-	-	-		-
Halls	-	-	-	-	-	-	-	-		-
Centres								-		
Crèches								-		
Clinics/Care Centres								-		
Fire/Ambulance Stations								-		
Testing Stations	-	-	-	-	-	-	-	-		-
Museums								-		
Galleries								-		
Theatres								-		
Libraries								-		
Cemeteries/Crematoria								-		
Police								-		
Purls								-		
Public Open Space								-		
Nature Reserves								-		
Public Ablution Facilities								-		
Markets								-		
Stalls								-		
Abattoirs								-		
Airports								-		
Taxi Ranks/Bus Terminals								-		

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<i>Capital Spares</i>							-		
Sport and Recreation Facilities	-	-	-	-	-	-	-		-
<i>Indoor Facilities</i>							-		
<i>Outdoor Facilities</i>							-		
<i>Capital Spares</i>							-		
<u>Heritage assets</u>	-	-	-	-	-	-	-		-
Monuments							-		
Historic Buildings							-		
Works of Art							-		
Conservation Areas							-		
Other Heritage							-		
	-	-	-	-	-	-	-		-
<u>Investment properties</u>									
Revenue Generating	-	-	-	-	-	-	-		-
<i>Improved Property</i>							-		
<i>Unimproved Property</i>							-		
Non-revenue Generating	-	-	-	-	-	-	-		-
<i>Improved Property</i>							-		
<i>Unimproved Property</i>							-		
	-	-	-	-	-	-	-		-
<u>Other assets</u>									
Operational Buildings	-	-	-	-	-	-	-		-
<i>Municipal Offices</i>							-		
<i>Pay/Enquiry Points</i>							-		
<i>Building Plan Offices</i>							-		
<i>Workshops</i>									

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								-		
<i>Yards</i>								-		
<i>Stores</i>								-		
<i>Laboratories</i>								-		
<i>Training Centres</i>								-		
<i>Manufacturing Plant</i>								-		
<i>Depots</i>								-		
<i>Capital Spares</i>								-		
Housing	-	-	-	-	-	-		-		-
<i>Staff Housing</i>								-		
<i>Social Housing</i>								-		
<i>Capital Spares</i>								-		
<u>Biological or Cultivated Assets</u>	-	-	-	-	-	-		-		-
Biological or Cultivated Assets								-		
<u>Intangible Assets</u>	-	-	-	-	-	-		-		-
Servitudes								-		
Licences and Rights	-	-	-	-	-	-		-		-
<i>Water Rights</i>								-		
<i>Effluent Licenses</i>								-		
<i>Solid Waste Licenses</i>								-		
<i>Computer Software and Applications</i>								-		
<i>Load Settlement Software Applications</i>								-		
<i>Unspecified</i>								-		

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<u>Computer Equipment</u>		-	-	-	-	-	-	-	-	-
Computer Equipment								-		
<u>Furniture and Office Equipment</u>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment								-		
<u>Machinery and Equipment</u>		-	-	-	-	-	-	-	-	-
Machinery and Equipment								-		
<u>Transport Assets</u>		-	-	-	-	-	-	-	-	-
Transport Assets								-		
<u>Land</u>		-	-	-	-	-	-	-	-	-
Land								-		
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals								-		
<u>Living resources</u>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
<i>Policing and Protection</i>								-		
<i>Zoological plants and animals</i>								-		
Immature		-	-	-	-	-	-	-	-	-
<i>Policing and Protection</i>								-		
<i>Zoological plants and animals</i>								-		
Total Capital Expenditure on renewal of existing assets	1	-	-	630	-	630	630	0	0,0%	630

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APPENDIX E – 2023/2024 ANNUAL PERFORMANCE REPORT

1. INTRODUCTION

The Annual Performance Report is hereby submitted in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2023 to 30 June 2024 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Special Budget Adjustment, in relation to the objectives as summarized in the Municipality's Integrated Development and Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its 2023/24 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP)

Furthermore, this report endeavour to report to Council the Municipality's performance in terms of the Six (6) National Government's Strategic key Performance Areas for local government, which are (1) Spatial Rationale; (2) Basic Service Delivery and infrastructure development; (3) Local Economic Development; (4) Municipal Financial Viability and Management, (5) Municipal Institutional Transformation and Development and (6) Good Governance and Public Participation as added.

The format of the report reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA have number of Municipal Programmes/Key Focus Areas (KFA's) which was deliberately designed by the Mogalakwena Local Municipality to focus its development initiatives in a more coherent and organised manner.

2. LEGISLATIVE REQUIREMENT

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

(1) A municipality must prepare for each financial year a performance report reflecting —

(a) the performance of the Municipality and each external service provider during that financial year;

(b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and

(c) measures taken to improve performance.

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

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3. PERFORMANCE MANAGEMENT OVERVIEW

The Organisational Performance is evaluated by means of a Municipal Scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable operational targets on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to departments and/or divisions to deliver the services in terms of the IDP and Budget:

The MFMA Circular No.13 prescribes that:

The IDP and budget must be aligned;

The budget must address the strategic priorities;

The SDBIP was prepared as described in the paragraphs below and approved by the Mayor. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Colour Legend	Category	Explanation
	KPI Not Achieved	Actual vs Target Less than 90%
	KPI Achieved	Actual vs Target 100% achievement

4. MUNICIPAL PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE AREAS

This section of the Annual Performance report on the municipality's annual performance against the planned target as derived from the IDP. An overview of the municipality's actual performance linked to the National Key Performance Areas are depicted in Table 1.

Mogalakwena Municipality	Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development	Spatial Rationale	Total
KPI Achieved	17	15	3	17	8	3	63
KPI Not Achieved	2	3	0	4	0	0	8
Total	19	18	3	21	8	3	72

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5. COMPARISON OF THE 2022/2023 PERFORMANCE WITH ACTUAL PERFORMANCE OF 2023/2024 FINANCIAL YEAR

Key Performance area	2022/2023			2023/2024		
	Target achieved	Target not achieved	% Achieved	Target achieved	Target not achieved	% Achieved
Spatial Rationale	1	0	100%	3	0	100%
Basic service delivery and infrastructure development	7	5	58%	17	2	89%
Local Economic Development	3	0	100%	3	0	100%
Municipal Financial Viability and Sound Management	16	6	73%	17	4	81%
Municipal Transformation and organisational development	5	1	83%	8	0	100%
Good governance and public participation	12	6	55%	15	3	78%
Total	44	18	71%	63	9	88%

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KPA 1: SPATIAL RATIONALE

Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target 2023/2024	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved / Not achieved / Not measured	Lead department
					Quarterly target	Quarterly Performance								
The optimum utilisation of land	Land Use	1.SDF reviewed and approved by Council by 30 September 2023	Draft SDF approved	Council approved SDF	Q1: Final approval of the SDF	Q1: Final SDF approved by council	Final SDF approved by council	-	Not applicable	Not applicable	Not applicable	Copies of council resolution and final SDF	Target achieved	Planning & Development
					Q2: Not planned for this quarter	Q2: Not planned for this quarter								
					Q3: Not planned	Q3: Not planned for this								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target 2023/2024	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator or/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved / Not achieved /Not measured	Lead department
					Quarterly target	Quarterly Performance								
					ed for this quarter	quarter								
					Q4: Not planned for this quarter	Q4: Not planned for this quarter								
The optimum utilisation of land	Land Use	2.LUS Reviewed and approved by Council	Draft LUMS approved by council	Council approved LUS	Q1: Final approval of the LUS	Q1: Final LUS approved by council	Final LUS approved by council	-	Not applicable	Not applicable	Not applicable	Copies of council resolution and final LUS	Target achieved	Planning & Development

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Strategic object ives	Programme	Key performance indicator	Baseline 2022/2023	Annual target 2023/2024	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved / Not achieved /Not measured	Lead department
					Quarterly target	Quarterly Performance								
		by 30 September 2023			Q2: Not planned for this quarter	Q2: Not planned for this quarter								
					Q3: Not planned for this quarter	Q3: Not planned for this quarter								
					Q4: Not planned for this	Q4: Not planned for this								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target 2023/2024	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator or/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved / Not achieved /Not measured	Lead department
					Quarterly target	Quarterly Performance								
					this quarter	quarter								
The optimum utilisation of land	Land Use	3. Percentage of land use contraventions referred to Legal Services after 30 days of non-response by the resident.	New	100%	Q1: 100%	Q1: 100%	100%	-	66/66	Not applicable	Not applicable	Contravention notices and memo's of submissions	Target achieved	Planning & Development
					Q2: 100%	Q2: 100%								
					Q3: 100%	Q3: 100%								
					Q4: 100%	Q4: 100%								

KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
Foster, regulate, maintain and promote a sustainable environment	Waste management	4. Number of formal households with access to waste collection by June 2024	16661	16250	Q1: 16250	Q1: 16675	17053	-	Not applicable	Not applicable	Not applicable	GS506	Target achieved	Community services
					Q2: 16250	Q2: 17049								
					Q3: 16250	Q3: 17051								
					Q4: 16250	Q4: 17053								
Foster, regulate, maintain and promote	Waste management	5. Number of waste awareness/clean-up	New	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Clean up attendance register and	Target achieved	Community services
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
<i>maintain a sustainable environment</i>		<i>campaigns held by June 2024</i>			<i>Q4: 1</i>	<i>Q4: 1</i>						<i>photos</i>		
<i>Foster, regulate, maintain and promote a sustainable environment</i>	<i>Waste management</i>	<i>6. Number of illegal dumping areas cleared by June 2024</i>	<i>New</i>	<i>1</i>	<i>Q1: Not applicable</i>	<i>Q1: Not applicable</i>	<i>4</i>	<i>-</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Job cards and photos</i>	<i>Target achieved</i>	<i>Community services</i>
					<i>Q2: Not applicable</i>	<i>Q2: Not applicable</i>								
					<i>Q3: Not applicable</i>	<i>Q3: Not applicable</i>								
					<i>Q4: 1</i>	<i>Q4: 4</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
Foster, regulate, maintain and promote a sustainable environment	Parks and Recreation	7. Number of illegal dumping areas cleared by June 2024	New	5	Q1: 1	Q1: 1	5	-	Not applicable	Not applicable	Not applicable	Attendance registers	Target achieved	Community services
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								
					Q4: 2	Q4: 2								
Foster, regulate, maintain and promote	Parks and Recreation	8. Number of cemeteries maintained by	New	2	Q1: Not applicable	Q1: Not applicable	2	-	Not applicable	Not applicable	Not applicable	Attendance registers	Target achieved	Community services
					Q2: 1	Q2: 1								
					Q3: Not	Q3: Not								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
e a sustainable environment		June 2024			applicable	applicable								
					Q4: 1	Q4: 1								
Improve the quality of lives through social development and the provision of effective	Road safety and traffic control	9.Number of speed checks conducted by June 2024	83	100	Q1: 25	Q1: 35	118	-	Not applicable	Not applicable	Not applicable	Speed control list	Target achieved	Traffic and emergency services
					Q2: 25	Q2: 29								
					Q3: 25	Q3: 30								
					Q4: 25	Q4: 24								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
community services														
Improve the quality of lives through social development and the provision of effective	Road safety and traffic control	10. Number of roadblocks held by June 2024	New	4	Q1: 1	Q1: 3	10	-	Not applicable	Not applicable	Not applicable	Roadblock attendance register	Target achieved	Traffic and emergency services
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 3								
					Q4: 1	Q4: 3								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
community services														
To improve the quantity and quality of municipal infrastructure and service	Water	11. Number of formal households with access to basic level of water by 30 June 2024	13376	13212	Q1: 13212	Q1: 13415	25732	-	Not applicable	Not applicable	Not applicable	BS506	Target achieved	Technical services
					Q2: 13212	Q2: 25505								
					Q3: 13212	Q3: 25622								
					Q4: 13212	Q4: 25732								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
s														
To improve the quantity and quality of municipal infrastructure and services	Sanitation	12. Number of formal households with access to basic level of sanitation by 30 June 2024	17601	13212	Q1: 13212	Q1: 17614	18177	-	Not applicable	Not applicable	Not applicable	BS506	Target achieved	Technical services
					Q2: 13212	Q2: 18167								
					Q3: 13212	Q3: 18173								
					Q4: 13212	Q4: 18177								
To	Water	13.	0	500	Q1: 125	Q1: 0	869	-	Not	Not	Not	Meter	Targ	Techni

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
improve the quantity and quality of municipal infrastructure and services		Number of Water Meter Audit conducted by 30 June 2024			Q2: 125	Q2: 0			applicable	applicable	applicable	audit forms	et achieved	cal services
					Q3: 125	Q3: 135								
					Q4: 125	Q4: 734								
To improve the quantity	Water & Sanitation	14. Number of test conducted reports	12	12	Q1: 3	Q1: 3	12	-	Not applicable	Not applicable	Not applicable	Lab-test result	Target achieved	Technical services
					Q2: 3	Q2: 3								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
Safety and quality of municipal infrastructure and services	Sanitation	Water Quality by 30 June 2024			Q3: 3	Q3: 3						s	ved	es
					Q4: 3	Q4: 3								
To improve the quantity and quality	Water & Sanitation	15. Number of test conducted reports on Waste Water	0	12	Q1:3	Q1: 0	6	-	Not applicable	Contract with lap expired	Appointment of Lab	None	Target not achieved	Technical services
					Q2: 3	Q2: 0								
					Q3: 3	Q3: 3								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
of municipal infrastructure and services		Quality by 30 June 2024			Q4: 3	Q4: 3								
To improve the quantity and quality of municipal infrastr	Water	16.Percentage of water loss	28%	25%	Q1: 25%	Q1: -33%	26,00%	-	965160/ 3682400	Constant pipe burst due to aging infrastructure	Replacement of asbestos pipe with HDPE pipe in Mahwe lereng	Water losses calculations and invoices	Target not achieved	Technical services
					Q2: 25%	Q2: 76%								
					Q3: 25%	Q3: 64%								
					Q4: 25%	Q4: 8%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
Infrastructure and services											and Town			
To improve the quantity and quality of municipal infrastructure and services	Roads and storm water	17.Length of km roads tarred/paved by June 2024	3,7km	6.3km road s tarred/paved	Q1: Not applicable	Q1: Not applicable	11.4km of roads tarred	R59 041 005	Not applicable	Not applicable	Not applicable	Project progress reports.	Target achieved	Technical services
					Q2: Not applicable	Q2: Not applicable								
					Q3: Not applicable	Q3: Not applicable								
					Q4: 6.3km roads tarred/	Q4: 11.4km roads tarred/								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
					<i>paved</i>	<i>paved</i>								
To improve the quantity and quality of municipal infrastructure and services	Roads and storm water	18.Length of km of roads bladed by June 2024	572,7 km	300km	Q1: 75km	Q1: 88km	384,68km	-	Not applicable	Not applicable	Not applicable	Job cards	Target achieved	Technical services
					Q2: 75km	Q2: 70,15km								
					Q3: 75km	Q3: 37,38km								
					Q3: 75km	Q4: 189,05km								
To	Roads	19.Area	4094,	4000	Q1:	Q1:	4803,89	-	Not	Not	Not	Job	Targ	Techni

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
improve the quantity and quality of municipal infrastructure and services	and storm water	of road square meters patched by June 2024	77m ²	m ²	1000m ²	1361,48m ²	m2		applicable	applicable	applicable	cards	et achieved	cal services
					Q2: 1000m2	Q2: 228,1m2								
					Q3: 1000m2	Q3: 1628,13m2								
					Q4: 1000m2	Q4: 1586,18m2								
To improve the quantity and	Roads and storm water	20. Number of cubic of storm water	7125 m ³	1500 m ³	Q1: 375m ³	Q1: 256,82m ³	1739,97 m3	-	Not applicable	Not applicable	Not applicable	Job cards	Target achieved	Technical services
					Q2: 375m3	Q2:								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
quality of municipal infrastructure and services		drainage maintained by June 2024				529,54m3								
					Q3: 375m3	Q3: 545,31m3								
					Q4: 375m3	Q4: 408,30m3								
To improve the quantity and quality of municipal	Energy efficiency	21.Number of electricity meter audit conducted by June 2024	1016	500	Q1: 125	Q1: 188	1053	-	Not applicable	Not applicable	Not applicable	Meter audit forms	Target achieved	Electrical services
					Q2: 125	Q2: 360								
					Q3: 125	Q3: 230								
					Q4: 125	Q4: 275								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
infrastructure and services														
To improve the quantity and quality of municipal infrastructure and service	Electricity Loss control	22. Percentage of electricity loss	29%	25%	Q1: 25%	Q1: 39%	23,00%	-	43526317,50/169928324	Not applicable	Not applicable	Electricity loss calculation	Target achieved	Electrical services
					Q2: 25%	Q2: 34%								
					Q3: 25%	Q3: 29%								
					Q4: 25%	Q4: -5%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
s														

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic	Programme	Key perform	Baseline	Annual	Quarterly Performance	Annual Perform	Actual expendi	Nominator/	Reason for underperform	Corrective	POE	Target achiev	Lead depart
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objectives		ance indicator	2022/2023	target	Quarterly Target	Actual Performance	ance Results	ture	Denominator	mance	measure		ed/Not achieved/Not measured	ment
To create inclusive and well-coordinated investment opportunities for the growth of the economy	Job creation	23.Number of Jobs created through LED initiatives including capital projects by June 2024.	690	100	Q1: Not planned for this quarter	Q1: Not planned for this quarter	190	-	Not applicable	Not applicable	Not applicable	Contracts	Target achieved	Planning and development services
					Q2: Not planned for this quarter	Q2: Not planned for this quarter								
					Q3: Not planned for this quarter	Q3: Not planned for this quarter								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
					r									
					Q4: 100	Q4: 190								
To create inclusive and well-coordinated investment opportunities for the growth of the	Business information session	24. Number of business information sessions conducted by June 2024.	4	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Copies of invitation and attendance register	Target achieved	Planning and development services
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
economy														
To create inclusive and well-coordinated investment opportunities for the growth of the economy	Flea market	25. Number of flea markets held by June 2024.	2	2	Q1: Not planned for this quarter	Q1: Not planned for this quarter	2	-	Not applicable	Not applicable	Not applicable	Pictures and adverts	Target achieved	Planning and development services
					Q2: 1	Q2: 1								
					Q3: Not planned for this quarter	Q3: Not planned for this quarter								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
					Q4: 1	Q4: 1								

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
Sound and efficient financial management	Budget and Reporting	26. Development and submission of compliant Annual Financial Statements to the Auditor General	AFS developed and submitted to the Auditor General on the 31 August 2022	Development and submission of Annual Financial Statements to the Auditor General by 31 August 2023	Q1: Development and submission of Annual Financial Statements to the Auditor General by 31 August 2023	Q1: AFS developed and submitted to the Auditor General on the 31 August 2023	AFS developed and submitted to the Auditor General on the 31 August 2023	R 9 674 081,00	Not applicable	Not applicable	Not applicable	AFS and Acknowledgement letter	Target achieved	Budget & Treasury
					Q2: Not applicable	Q2: Not applicable								
					Q3: Not	Q3: Not								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
		al by 31 August 2023			applicable	applicable								
					Q4: Not applicable	Q4: Not applicable								
Sound and efficient financial management	Budget and Reporting	27. Number of Action Plan for 2022/2023 AG Audit Queries	1	1	Q1: Not planned for this quarter	Q1: Not planned for this quarter	1	-	Not applicable	Not applicable	Not applicable	Ag's action plan	Target achieved	Budget & Treasury
					Q2: Not planned for this quarter	Q2: Not planned for this quarter								
					Q3: 1	Q3: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		<i>developed and submitted to Council by 31 January 2024</i>			<i>Q4: Not planned for this quarter</i>	<i>Q4: Not planned for this quarter</i>								
<i>Sound and efficient financial management</i>	<i>Budget and Reporting</i>	<i>28.Percentage of AG queries resolved as per</i>	<i>100,00 %</i>	<i>100%</i>	<i>Q1: Not planned for this quarter</i>	<i>Q1: Not planned for this quarter</i>	<i>100%</i>	<i>-</i>	<i>94/94</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Ag's action plan</i>	<i>Target achieved</i>	<i>Budget & Treasury</i>
					<i>Q2: Not planned for this quarter</i>	<i>Q2: Not planned for this quarter</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
nt		the Action Plan by 30 June 2024				quarter								
					Q3: 50%	Q3: 51%								
					Q4: 100%	Q4: 100%								
Sound and efficient financial management	Budget and Reporting	29. Development and approval of the credible mSCO	Final and approved budget by May 2023	Final and approved annual budget by May 2024	Q1: Not planned for this quarter	Q1: Not planned for this quarter	Final and approved annual budget by 15 May 2024	-	Not applicable	Not applicable	Not applicable	Not applicable	Target achieved	Finance Department
					Q2: Not planned for this quarter	Q2: Not planned for this quarter								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		A compliant Annual Budget approved by Council by 31 May 2024			Q3: Draft budget approved by council in march 2024	Q3: Draft budget approved by council 26/03/2024								
					Q4: Final and approved annual budget by May 2024	Q4: Final and approved annual budget by 15 May 2024								
Soun	Budg	30.Nu	12	12	Q1: 3	Q1: 3	12	-	Not	Not	Not	Copies	Targe	Fina

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
d and efficient financial management	et and Reporting	mber of MFMA Section 71 Reports submitted to the Mayor, Provincial and National Treasury by no			Q2: 3	Q2: 3			applicable	applicable	applicable	of emails for provincial and National treasuries.	t achieved	nce Department
					Q3: 3	Q3: 3								
					Q4: 3	Q4: 3								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		later than 10 days after the end of each month												
Sound and efficient financial management	Budget and Reporting	31.cost coverage of 3 months by 30 June 2024	0,59months	3months	Q1: 2months	Q1: 0,65 Months	0,56 months	-	0/98 535 493	Low revenue collection	Cost containment and revenue enhancement	Monthly report and Bank statements	Target not achieved	Finance
					Q2: 2months	Q2: 0,6months								
					Q3: 2.5	Q3: 0,88								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
nt					Months	month					t strategies to be strictly monitored			
					Q4: 3 Months	Q4: 0,12								
Sound and efficient financial management	Budget and Reporting	32. Percentage capital budget spent on budgeted capital project	98%	100%	Q1: 20%	Q1: 20,7%	100,00 %	R 502 731 184,00	502731184/ 502731184	Not applicable	Not applicable	C Schedule – Capital Expenditure Report	Target achieved	Finance department
					Q2: 50%	Q2: 78,36%								
					Q3: 75%	Q3: 81%								
					Q4: 100%	Q4: 100%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		s identified for 2023/2024 financial year												
Sound and efficient financial management	Budget and Reporting	33. Percentage spent on the MIG grants approved projects by 30	99%	100%	Q1: 20%	Q1: 12,3%	100,00 %	R 182 955 000,00	182 955 000/182 955 000	Not applicable	Not applicable	C Schedule – Capital Expenditure Report	Target achieved	Finance department
					Q2: 50%	Q2: 52.5%								
					Q3: 75%	Q3: 90%								
					Q4: 100%	Q4: 100%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
		June 2024												
Sound and efficient financial management	Budget and Reporting	34. Percentage of budget spent on the WSIG grants approved projects by 30 June 2024	88%	100%	Q1: 20%	Q1: 7,2%	100%	R 75 333 000,00	75 333 000 / 75 333 000	Not applicable	Not applicable	C Schedule – Capital Expenditure Report	Target achieved	Finance department
					Q2: 50%	Q2: 29,1								
					Q3: 75%	Q3: 53%								
					Q4: 100%	Q4: 100%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
Sound and efficient financial management	Budget and Reporting	35. Percentage of budget spent on the RBIG grants approved projects by 30 June 2024	99%	100%	Q1: 20%	Q1: 72,3%	105%	R 196 252 340,00	196 252 340/ 185 612 043	Not applicable	Not applicable	C Schedule – Capital Expenditure Report	Target achieved	Finance department
					Q2: 50%	Q2: 259%								
					Q3: 75%	Q3: 101%								
					Q4: 100%	Q4: 105%								
Sound	Asset	36.Nu	4	4	Q1: 1	Q1: 1	4	-	Not	Not	Not	Assets	Target	Finance

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
d and efficient financial management	Management	number of asset verification reports completed - movables (sampling) by 30 June 2024			Q2: 1	Q2: 1			applicable	applicable	applicable	register	t achieved	nce Department
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								
Soun	Free	37.Per	100%	100%	Q1: 100%	Q1: 100%	100%	R 6	2640/2640	Not	Not	2023/2	Targe	Fina

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
d and efficient financial management	basic services	centage of Registered Indigents with access to Free Basic Services by 30 June 2024			Q2: 100%	Q2: 100%		037 651,00		applicable	applicable	024 Indigent Register (BP954)	t achieved	nce department
					Q3: 100%	Q3: 100%								
					Q4: 100%	Q4: 100%								
Sound and efficient	Revenue Management	38.Percentage of Service	98%	80%	Q1: 80%	Q1: 56%	67.81 %	-	556 305 743.80/820 358 656	Taking of meter reading,	To start the process	Billing Report BP136 GS 560	Target not achieved	Finance Department
					Q2: 80%	Q2: 66%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
financial management	nt	Debtors Revenue by 30 June 2024			Q3: 80%	Q3: 68.48%				meters not working and bypassed not corrected information of meters	s for installation of pre-paid water and electrical meters and doing a meter audit and taking readings on all		ved	nt
					Q4: 80%	Q4: 67.81%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
											meters			
Sound and efficient financial management	Revenue Management	39. Percentage of debtors collection rate by 30 June 2024	88%	85%	Q1: 100%	Q1: 75%	92.92%	-	102328589.11/110121721.85	Credit control actions (warning and cutoffs) not consistently followed. Mahwel ereng and Rebone only	Warnings and cutoffs be implemented	Monthly Report BS 902	Target not achieved	Finance department
					Q2: 100%	Q2: 75%								
					Q3: 85%	Q3: 76.48%								
					Q4: 85%	Q4: 92.92%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
										have water and cannot be cut				
Sound and efficient financial management	Revenue enhancement	40. Number of times that agreed portion of revenue from drivers licence cards	12	12	Q1: 3	Q1: 3	12	-	Not applicable	Not applicable	Not applicable	Proof of payment	Target achieved	Traffic and emergency services
					Q2: 3	Q2: 3								
					Q3: 3	Q3: 3								
					Q4: 3	Q4: 3								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		<i>were paid over prodiba by 15th of each month</i>												
<i>Sound and efficient financial management</i>	<i>Supply Chain Management</i>	<i>41. Number of reports on the implementation of SCM Policy</i>	<i>4</i>	<i>4</i>	<i>Q1: 1</i>	<i>Q1: 1</i>	<i>4</i>	<i>-</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>SCM report</i>	<i>Target achieved</i>	<i>Finance department</i>
					<i>Q2: 1</i>	<i>Q2: 1</i>								
					<i>Q3: 1</i>	<i>Q3: 1</i>								
					<i>Q4: 1</i>	<i>Q4: 1</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		<i>compiled and tabled to Council by 30 June 2024</i>												
<i>Sound and efficient financial management</i>	<i>Supply Chain Management</i>	<i>42. Number of deviation reports compiled and tabled to</i>	<i>4</i>	<i>4</i>	<i>Q1: 1</i>	<i>Q1: 1</i>	<i>4</i>	<i>-</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>SCM report</i>	<i>Target achieved</i>	<i>Finance department</i>
					<i>Q2: 1</i>	<i>Q2: 1</i>								
					<i>Q3: 1</i>	<i>Q3: 1</i>								
					<i>Q4: 1</i>	<i>Q4: 1</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		Council by 30 June 2024												
Sound and efficient financial management	Supply Chain Management	43. Percentage of tenders and bids awarded within 90 days after closure of	100%	100%	Q1: 100%	Q1: 100%	100%	-	6/6	Not applicable	Not applicable	Tender award register	Target achieved	Finance department
					Q2: 100%	Q2: 100%								
					Q3: 100%	Q3: 100%								
					Q4: 100%	Q4: 100%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
		advertisement												
Sound and efficient financial management	Expenditure Management	44. Percentage of creditors paid within 30 days (as per MFMA S65) of receipts and all	83%	100%	Q1: 100%	Q1: 87%	95%	-	872/917	Payments were not paid in time due to cash flow problem as results of low collection of revenue	Improvement of revenue collection through implementation of debt collection	HR994	Target not achieved	Finance department
					Q2: 100%	Q2: 79,4%								
					Q3: 100%	Q3: 82,5%								
					Q4: 100%	Q4: 95%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
		necessary supporting documentation									and credit control policy			
Sound and efficient financial management	Revenue enhancement	45. Percentage of debt over 90 days collected	29	85%	Q1: 85%	Q1: 20,9%	100%	-	299.68/3	Credit control actions (warning and cutoffs) not consistently followed.	Warnings and cutoffs be implemented	BP 349	Target achieved	Finance department
					Q2: 85%	Q2: 20,33								
					Q3: 85%	Q3: 23.19								
					Q4: 85%	Q4: 99,89%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
										Mahwelereng and Rebene only have water and cannot be cut				
Sound and efficient financial	Revenue enhancement	46. Percentage of revenue (as per	100%	100%	Q1: 80%	Q1: 75%	Q4: 92.92 %	-	102396776.05/133886634.75	Credit control actions (warning and cutoffs)	Warnings and cut offs be implemented	Monthly Report BS 902	Target achieved	Finance department
					Q2: 80%	Q2: 75%								
					Q3: 80%	Q3: 76%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/ Not measured	Lead department
					Quarterly Target	Actual Performance								
management		quarterly projections)			Q4: 80%	Q4: 92.92%				not consistently followed. Mahwel ereng and Rebone only have water and cannot be cut	mented			

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KPA 5: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
To develop and implement integr	Legal Services	48. Number of Litigation Reports	4	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Copies of council resolution	Target achieved	Corporate Service
					Q2: 1	Q2: 2								
					Q3: 1	Q3: 0								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ated management and governance systems		compiled and submitted to Council by 30 June 2024			Q4: 1	Q4: 1						and Litigation reports		
To develop and implement integrated management and governance	Legal Services	49. Deployment and approval of litigation management policy by June	New	Approved litigation management policy	Q1: Not planned for this quarter	Q1: Not planned for this quarter	Litigation reduction strategy approved	-	Not applicable	Not applicable	Not applicable	Council resolution and litigation management strategy	Target achieved	Corporate Service
					Q2: Draft litigation strategy in place	Q2: Draft litigation strategy not in place								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
Finance systems		2024			Q3: Draft litigation strategy to tabled to EXMA and EXCO	Q3: Draft litigation strategy not tabled to EXMA and EXCO						gy		
					Q4: Approved litigation reduction strategy	Q4: Litigation reduction strategy approved								
To ensure that all	Local Labour Forum	50. Number of LLF meeting	7	4	Q1: 1	Q1: 2	5	-	Not applicable	Not applicable	Not applicable	Copies of LLF notice ,LLF	Target achieved	Corporate Service
					Q2: 1	Q2: 0								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
stakeholders within the institution are adequately capacitated and retained		held by 30 June 2024			Q3: 1	Q3: 0						agenda, Attendance register, LLF minutes		e
					Q4: 1	Q4: 3								
To ensure that all	Organisational development	51.Organogram Review	Organisational review	Reviewed and approved	Q1: Not planned for this quarter	Q1: Not planned for this quarter	Reviewed organisational	-	Not applicable	Not applicable	Not applicable	Council resolution	Target achieved	Corporate Service

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
stakeholders within the institution are adequately capacitated and retained	pment	d and approved by 30 June 2024	ed and approved	Organisational structure	Q2: Not planned for this quarter	Q2: Not planned for this quarter	structure approved					and ORG structure		
					Q3: Draft reviewed organisational structure	Q3: Draft reviewed organisational structure								
					Q3: Approved reviewed organisational structure	Q4: Reviewed organisational structure approved								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
To ensure that all stakeholders within the institution are adequately capacitated and retained	Human resources	52. Number of HR related policies developed and approved by June 2024	3	3	Q1: Not planned for this quarter	Q1: Not planned for this quarter	21	-	Not applicable	Not applicable	Not applicable	Copies of council resolution and Policies	Target achieved	Corporate Service
					Q2: 3 draft policies developed	Q2: 3 draft policies developed								
					Q3: Tabling of draft policies to Executive management, LLF and EXCO	Q3: 3 policies tabled to EXMA, LLF and EXCO								
					Q4: 3 Council	Q4: 21 Council								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
					<i>approved policies</i>	<i>approved policies</i>								
<i>To ensure that all stakeholders within the institution are adequately capacitated</i>	<i>Human Resources & Development</i>	<i>53. Number of WSP developed and submitted to LGSETA by 30 April 2024</i>	<i>1</i>	<i>1</i>	<i>Q1: Not planned for this quarter</i>	<i>Q1: Not planned for this quarter</i>	<i>Not applicable</i>	<i>Not planned for this quarter</i>	<i>Not applicable</i>	<i>Not planned for this quarter</i>	<i>Not planned for this quarter</i>	<i>WSP and proof of submission</i>	<i>Target achieved</i>	<i>Corporate Service</i>
					<i>Q2: Not planned for this quarter</i>	<i>Q2: Not planned for this quarter</i>								
					<i>Q3: Not planned for this quarter</i>	<i>Q3: Not planned for this quarter</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
<i>and retained</i>					<i>Q4: 1</i>	<i>Q4: 1</i>								
<i>To ensure that all stakeholders within the institution are adequately capacitated and</i>	<i>Staff retention</i>	<i>54. Percentage of section 56/57 vacant position filled.</i>	<i>0%</i>	<i>100%</i>	<i>Q1: 20%</i>	<i>Q1: 86%</i>	<i>100%</i>	<i>-</i>	<i>7/7</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Appointment letters</i>	<i>Target achieved</i>	<i>Corporate Service</i>
					<i>Q2: 50%</i>	<i>Q2: 86%</i>								
					<i>Q3: 70%</i>	<i>Q3: 100%</i>								
					<i>Q4: 100%</i>	<i>Q4: 100%</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
<i>retained</i>														
<i>To ensure that all stakeholders within the institution are adequately capacitated and retain</i>	<i>Employment equity</i>	<i>55. Number of employment equity plan developed and submitted to Labour by 15 January</i>	<i>New</i>	<i>1</i>	<i>Q1: Not planned for this quarter</i>	<i>Q1: Not planned for this quarter</i>	<i>1</i>	<i>-</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Employment equity plan and proof of submission</i>	<i>Target achieved</i>	<i>Corporate Service</i>
					<i>Q2: Not planned for this quarter</i>	<i>Q2: Not planned for this quarter</i>								
					<i>Q3: 1</i>	<i>Q3: 1</i>								
					<i>Q4: Not planned for this quarter</i>	<i>Q4: Not planned for this</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ed						quarter								

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
Develo	Integrat	55.	1666	1	Q1: 1	Q1: 1	1	-	Not	Not	Not	2024/	Target	Planni

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
p and implementation efficient management and governance systems	ed Development Plan	Number of IDP/PMS /Budget Process Plan approved by Council 30 August 2023	1		Q2: Not planned for this quarter	Q2: Not planned for this quarter			applicable	applicable	applicable	2025 Council approved Process Plan with Council Resolution	achieved	ng & Development
					Q3: Not planned for this quarter	Q3: Not planned for this quarter								
					Q4: Not planned for this quarter	Q4: Not planned for this quarter								
Develop and implement efficient	Integrated Development Plan	56.Development and adoption of the 2024/20	Final approved IDP by May	Development and adoption of the	Q1: Not planned for this quarter	Q1: Not planned for this quarter	Final approved IDP by 15 May	-	Not applicable	Not applicable	Not applicable	Not applicable	Target achieved	Planning & Development
					Q2: Not planned for	Q2: Not planned for								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
management and governance systems		25 IDP by Council by 30 May 2024	2023	2024/2025 IDP	this quarter	this quarter	2024							
					Q3: Draft IDP adopted by Council on the 28 March 2024	Q3: Draft budget approved by council 26/03/2024								
					Q4: Draft IDP adopted by Council on the 28 March 2024	Q4: Final approved IDP by 15 May 2024								
Development and implementation	Integrated Development	57. Number of IDP Represe	4	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Attendance registers and	Target achieved	Planning & Development
					Q2: 1	Q2: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
efficient management and governance systems	Planning	Initiative Forums held by 30 June 2024			Q3: 1	Q3: 1						agendas		Department
					Q4: 1	Q4: 1								
To develop and implement integrated management and	Performance Management System	58. Number of MFMA Section 52 reports compiled and submitted	4	4	Q1: 1	Q1: 0	4	-	Not applicable	Not applicable	Not applicable	Fourth and First quarter PMS report	Target achieved	Office of the MM
					Q2: 1	Q2: 0								
					Q3: 1	Q3: 3								
					Q4: 1	Q4: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
<i>governance systems</i>		<i>d to Council by 30 June 2024</i>												
<i>To develop and implement integrated management and governance</i>	<i>Performance Management System</i>	<i>59. Number of SDBIPs approved by the Mayor 28 days after the approval of the</i>	<i>1</i>	<i>1</i>	<i>Q1: Not planned for this quarter</i>	<i>Q1: Not planned for this quarter</i>	<i>1</i>	<i>-</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Approved SDBIP</i>	<i>Target achieved</i>	<i>Office of the Municipal Manager</i>
					<i>Q2: Not planned for this quarter</i>	<i>Q2: Not planned for this quarter</i>								
					<i>Q3: Not planned for this quarter</i>	<i>Q3: Not planned for this quarter</i>								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
systems		budget			Q4: 1	Q4: 1								
To develop and implement integrated management and governance systems	Performance Management System	60. Percentage of Section 54A/56 Performance Agreements signed year to date	100%	100%	Q1: 100%	Q1: 100%	100%	-	7/7	Not applicable	Not applicable	Copies of signed PA	Target achieved	Office of the Municipal Manager
					Q2: 100%	Q2: 100%								
					Q3: 100%	Q3: 100%								
					Q4: 100%	Q4: 100%								
To	Municip	61.	4	4	Q1: 1	Q1: 1	4	-	Not	Not	Not	Copies	Target	Office

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
develop and implement integrated management and governance systems	al communication	Number of newsletters issued to communities on quarterly basis by 30 June 2024			Q2: 1	Q2: 1			applicable	applicable	applicable	of newsletters	achieved	of the Municipal Manager
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								
To develop and implement integr	Ward Committees	62. Number of Ward Committees reports	22	32	Q1: 32	Q1: 41	17	-	Not applicable	Not all ward committee are functional	Resuscitate non functional ward	Ward committee reports	Target not achieved	Office of the speaker
					Q2: 32	Q2: 32								
					Q3: 32	Q3: 17								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ated management and governance systems		submitted to Speaker by 30 June 2024			Q4: 32	Q4: 17					committees			
To develop and implement integrated management and governance	Audit	63. Obtain Unqualified Audit Opinion by 30 June 2024	Qualified opinion	Unqualified audit opinion	Q1: Not planned for this quarter	Q1: Not planned for this quarter	Qualified opinion	-	Not applicable	Municipality qualified on PPE. Non-compliance with SCM regulations Understat	Full verification of water assets and electricity network assets.	Audit action plan	Target not achieved	Office of the Municipal Manager
					Q2: Unqualified audit opinion	Q2: Qualified opinion								
					Q3: Not	Q3: Not								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ance systems					planned for this quarter	planned for this quarter				ement of revenue due billing	Review of the SCM tenders by Internal Audit. Investigation of the UIFW expenditure incurred by MPAC. Conduct meter audit.			
					Q4: Not planned for this quarter	Q4: Not planned for this quarter								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
To develop and implement integrated management and governance systems	Auditing	64. Percentage of queries raised by internal audit resolved	83%	100%	Q1: 20%	Q1: 63%	100%	-	35/35	Budget constraints e.g. Maintenance	Budget provision to be set aside for maintenance	Follow-up report	Target achieved	Office of the Municipal Manager
					Q2: 50%	Q2: 66%								
					Q3: 70%	Q3: 66%								
					Q3: 100%	Q4:100%								
To develop and implement	Audit	65. Number of Audit Committee	6	4	Q1: 1	Q1: 2	5	-	Not applicable	Not applicable	Not applicable	Signed Attendance Register	Target achieved	Office of the Municipal
					Q2: 1	Q2:1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ment integrated management and governance systems		ee meetings held by 30 June 2024			Q3: 1	Q3: 1						ers and Minutes		Manager
					Q4: 1	Q4: 1								
To develop and implement integrated management	Audit	66. Number of Performance Audit Committee meeting	5	4	Q1: 1	Q1: 2	5	-	Not applicable	Not applicable	Not applicable	Signed Attendance Registers and Minutes	Target achieved	Office of the Municipal Manager
					Q2:1	Q2:1								
					Q3:1	Q3: 1								
					Q4:1	Q4: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
and governance systems		s held by 30 June 2024												
To develop and implement integrated management and governance systems	Audit	67. Number of Audit Committee Reports tabled to Council by 30 June 2024	4	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Audit Committee Reports	Target achieved	Office of the Municipal Manager
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022 /2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/ Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/ Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
To develop and implement integrated management and governance systems	Risk Management	68.Number of Risk Management committee meetings held by 30 June 2024	5	4	Q1: 1	Q1: 1	4		Not applicable	Not applicable	Not applicable	Invite, attendance register and minutes of the meeting	Target achieved	Office of the Municipal Manager
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								
To develop and implement	Risk Management	69. Percentage of risk	44%	100%	Q1: 25%	Q1: 46%	85%	-	104/123	Non implementation of mitigation	Generate measurable	Risk management	Target not achieved	Office of the Municipal
					Q2: 50%	Q2: 50%								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ment integrated management and governance systems		action plans mitigated			Q3: 75%	Q3: 41%				n plans by risk owners	and implementable action plans which will be monitored quarterly	report	ed	Manager
					Q4: 100%	Q4: 85%								
To develop and implement integr	Public participation	70. Number of public participation meeting	0	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Attendance registers and agenda	Target achieved	Office of the Municipal Manager
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ated management and governance systems		held (Imbizo)			Q4:	Q4: 1						as		ger
To develop and implement integrated management and governance	MPAC	71. Number of MPAC meeting held	6	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Appointment letters; minutes and attendance registers	Target achieved	Office of the Municipal Manager
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								

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Strategic objectives	Programme	Key performance indicator	Baseline 2022/2023	Annual target	Quarterly Performance		Annual Performance Results	Actual expenditure	Nominator/Denominator	Reason for underperformance	Corrective measure	POE	Target achieved/Not achieved/Not measured	Lead department
					Quarterly Target	Actual Performance								
ance systems														
To develop and implement integrated management and governance systems	MPAC	72. Number of MPAC reports tabled to council and approved by 30 June 2024	1	4	Q1: 1	Q1: 1	4	-	Not applicable	Not applicable	Not applicable	Appointment letters	Target achieved	Office of the Municipal Manager
					Q2: 1	Q2: 1								
					Q3: 1	Q3: 1								
					Q4: 1	Q4: 1								

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ANNEXURE B: CAPITAL PROJECTS

No	Programme	Key performance indicator	16661	Annual target	Quarterly Performance		Actual expenditure	Reason for underperformance	Corrective measure	POE	Target achieved/not achieved	Lead department
					Quarterly Target	Actual Performance						

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1	Mogalakwena Household Sanitation – Tenerife, Daggakral, Rietfontein, Makekeng, and Gachokoe	Construction of 905 household old sanitation	New	100% Construction of 1000 household old sanitation	Q1: Recommendation letter from DWS and Application for Funding with CoGHSTA.	Q1: Recommendation letter from DWS and Application for Funding with CoGHSTA	R11 672 697	Community unrest	Community unrest resolved, construction resumed	Appointment letter and progress report	Target not achieved	PMU
					Q2: Designs and Procurement of contractor.	Q2: Contractor appointed and site handed over. 23% construction progress						
					Q3: Site Establishment and construction 50%	Q3: Construction Progress is at 84%						
					Q4: 100% Construction and completion	Q4: Construction at 90%						
2	Mahwelereng Roads & Stormwater Phase 2A	Construction of 5.4km road	New project	100% Construction of 5.4km road	Q1: Appointment of service provider and site Establishment	Q1: Service provider appointed; site established; Construction at 25%	R30 510 327	Work stoppage due community unrest	Community unrest resolved, construction resumed	Appointment letter; pictures of site establishment; progress	Target not achieved	PMU
					Q2: Construction of the road layer works. 50%	Q2: Construction of the road layer works. 58%						

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					Q3: Construction of the road layer works.80% Installation of 80mm Paving blocks.	Q3: Construction of the road layer works 76% Installation of 80mm Paving blocks			ed	ss report		
					Q4: 100% installation of 80mm paving blocks and project completion	Q4: 98% Construction of the road layer works,Installation of 80mm Paving blocks						
3	Mahweler eng Roads & Stormwater Phase 2B	Constr uction of 3.5 km road	New project	100% Constr uction of 3,5km road	Q1: Appointment of service provider and site Establishment	Q1: Service provider appointed; site established;Construct uion at 44%	R11 826 078	Work stoppage due communit y unrest	Com munit y unrest resolv ed, constr uction resum ed	Appoin tment letter; picture s of site establis hment; progre ss report	Target not achiev ed	PMU
					Q2: Construction of the road layer works.50%	Q2: Construction of the road layer works.59%						
					Q3: Construction of the road layer works 80% Installation of 80mm Paving blocks	Q3: Construction of the road layer works 75% Installation of 80mm Paving blocks 0%						
					Q4: 100% installation of 80mm paving blocks	Q4: 97% Construction of the						

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					and project completion	road layer works, Installation of 80mm Paving blocks						
4	Completion of Marulane roads and stormwater	Construction of 3.5Km with 1 low level bridge.	New project	80% Construction of 3.5 Km	Q1: Submission MIG 1 Application at Cogsta for Funding and procurement of contractor.	Q1: Submission MIG 1 Application at CoGHSTA for funding done. Contactor appointed. Project completed.	R13 403 363	Refusal of concrete supplier in Mokopan to deliver due to the distance. Non availability of ready mix supplier on surrounding areas. Constant breakdown of concrete mixer on site.	Contractor on site and supplier for concrete mixer on site.	Appointment letter; completion certificate. Progress report	Target not achieved	PMU
					Q2: 30% Construction of the road layer works.	Q2: 34% Construction of the road layer works.						
					Q3: 50% Construction of the road layer works 80% Installation of 80mm Paving blocks.	Q3: Construction of the road layer works 50%						
					Q4: 80% installation of 80mm paving blocks and project completion	Q4: 53% Construction of the road layer works, Installation of 80mm Paving blocks						
5	Malepetle	Installation	Designs	100%	Q1: Advertising and	Q1: Request for	R2 727	Not	Not	Appointment	Target	PMU

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	<i>ke High Mast Lights Reprioritized 2023/24 (Roll Over)</i>	<i>tion of 6high mast lights in Malepe tleke</i>	<i>comple ted and tender docume nts complet ed.</i>	<i>installa tion of 6 high mast lights</i>	<i>Request for additional funding with CoGHSTA due to price escalation.</i>	<i>additional funding not yet approved</i>	<i>160</i>	<i>applicabl e</i>	<i>applic able</i>	<i>tment letters; Progre ss report</i>	<i>achiev ed</i>	
					<i>Q2: Appointment of contractor, excavation and construction of concrete base plate for high mass lights</i>	<i>Q2: Contractor appointed and site handed over</i>						
					<i>Q3: 60% Installation of 8 high mass lights</i>	<i>Q3: 60% Installation of 8 high mass lights</i>						
					<i>Q4: 100% installation of 6 high mast lights</i>	<i>Q4: Construction at 100%</i>						
<i>6</i>	<i>Mesopota mia High Mast Lights Reprioritized 2023/24 (Roll Over)</i>	<i>Installat ion of 2 high mast lights in Mesop otamia</i>	<i>Designs complet ed and tender docume nts complet ed.</i>	<i>100% installa tion of 2 high mast lights</i>	<i>Q1: Advertising and Request for additional funding with CoGHSTA due to price escalation.</i>	<i>Q1: Request for additional funding not yet approved</i>	<i>R1 698 832</i>	<i>Not applicabl e</i>	<i>Not applic able</i>	<i>Appoin tment letters; Progre ss report</i>	<i>Target achiev ed</i>	<i>PMU</i>
					<i>Q2: Appointment of contractor, excavation and construction of concrete base plate for high mass lights</i>	<i>Q2: Contractor appointed and site handed over</i>						
					<i>Q3: 60% Installation of</i>	<i>Q3: 60% Installation</i>						

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					2 high mass lights	of 4 high mass lights						
					Q4: 100% installation of 2 high mast lights	Q4: Construction at 100%						
7	Mini Water Scheme 13: Diphichi Cluster A	Construction of Internal water reticulation in 5 Villages within	Construction at 20%	Construction at 60%	Q1: Not applicable	Q1: Not applicable	R52 334 001	Not applicable	Not applicable	Progress report	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Construction at 40%	Q3: Construction at 47%						
					Q4: Construction at 60%	Q4: Construction at 89%						
8	Mini Water Scheme 13: Diphichi Cluster B	Construction of Internal water reticulation in 4 Villages within	Contractor appointed	Construction at 50%	Q1: Not applicable	Q1: Not applicable	R40 200 205	Not applicable	Not applicable	Progress report	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Construction at 30%	Q3: Construction at 30.68%						
					Q4: Construction at 50%	Q4: Construction at 80%						

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9	Mini Water Scheme 22 Phase 3 Refurbishment of Reservoirs	Construction of Internal water reticulation	Approved MIG scope of works	Appointment of contractor	Q1: Not applicable	Q1: Not applicable	R532 711	Not applicable	Not applicable	Tender advertised	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Design approval and advertisement of contractor	Q3: Designed approved and tender advertised						
					Q4: Appointment of contractor	Q4: Contractor appointed and Site Establishment						
10	Mini Water Scheme 22: Fothane/ Mmamala Parakisi	5km Bulk Pipeline, Equip 3 Boreholes, 2 X Package Plants	Construction at 50%	100%	Q1: Not applicable	Q1: Not applicable	R4 398 332	Not applicable	Not applicable	Completion Certificate	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: 75% Construction of 5km Bulk Pipeline, Equip 3 Boreholes, 2 X Package Plants	Q3: 100% Construction of 5km Bulk Pipeline, Equip 3 Boreholes, 2 X Package Plants						
					Q4: 100% Construction of 5km Bulk Pipeline, Equip 3 Boreholes, 2 X Package Plants	Q4: 100% Construction of 5km Bulk Pipeline, Equip 3 Boreholes, 2 X						

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						Package Plants						
1 1	Sekgakgapeng/Khala Ground water	Electrification of 5 Boreholes, 1 X Package Plant, Electrification of Package Plant, 1km pipeline, 2 standpipes	Construction at 50%	100% Electrification of 5 Boreholes, 1 X Package Plant, Electrification of Package Plant, 1km pipeline, 2 standpipes	Q1: Not applicable	Q1: Not applicable	R 950 570.80	Not applicable	Not applicable	Completion Certificate	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Construction at 75%	Q3: 100% Electrification of 5 Boreholes, 1 X Package Plant, Electrification of Package Plant, 1km pipeline, 2 standpipes						
					Q4: 100% Electrification of 5 Boreholes, 1 X Package Plant, Electrification of Package Plant, 1km pipeline, 2 standpipes	Q4: 100% Electrification of 5 Boreholes, 1 X Package Plant, Electrification of Package Plant, 1km pipeline, 2 standpipes						
1 2	Jakallskuil Cluster B	Construction of internal water	Construction at 70%	Construction at 100%	Q1: Not applicable	Q1: Not applicable	R0	Not applicable	Not applicable	Completion Certificate	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Construction at	Q3: Construction at						

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		<i>reticulation at Jukkals kuil. Mabul a, Harma nsdal, Makek eng)</i>			95%	100%						
					Q4: Construction at 100%	Q4: Construction at 100%						
13	Mapela sports stadium	Construction of mapela sports stadium	Construction at 95%	Construction at 100%	Q1: Not applicable	Q1: Not applicable	R236 556	Not applicable	Not applicable	Completion Certificate	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Construction at 100%	Q3: Construction at 100%						
					Q4: Construction at 100%	Q4: Construction at 100%						
14	Completion of Molekane roads and stormwater	Construction of 2.5km tarred	Construction at 90%	Construction at 100%	Q1: Not applicable	Q1: Not applicable	R 3 301 237.58	Not applicable	Not applicable	Completion Certificate	Target achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: Construction at 95%	Q3: Construction at 100%						

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					Q4: Construction at 100%	Q4: Construction at 100%						
15	Contract 06-2017/18 Construction of 15km of 300ml rising main steel pipeline, 3,1km of reticulation pipelines and 3,5ml/day concrete reservoir for Jakkalskuil Cluster Phase 2 of Mogalakwena Water Master Plan.	Construction of 15km of 300ml rising main steel pipeline, 3,1km of reticulation pipelines and 3,5ml/day concrete reservoir for Jakkalskuil Cluster Phase	Contractor terminated; new consultant appointed	Construction of 15km of 300ml rising main steel pipeline, 3,1km of reticulation pipelines and 3,5ml/day concrete reservoir for Jakkalskuil Cluster Phase	Q1: Procurement of new contractor And Site Establishment.	Q1: Contractor appointed. Progress at 8%	R25 480 740,00	Not applicable	Not applicable	Appointment letter. Progress report	Target achieved	PMU
					Q2: 30% Construction of 3,5ml/day concrete reservoir	Q2: 30% Construction of 3,5ml/day concrete reservoir						
					Q3: 70% Construction of 3.5M/day reservoir	Q3: Construction at 54%						
					Q4: 100% Construction of 3.5M/day reservoir	Q4: 68% Construction of 3.5M/day reservoir						

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		2 of Mogal akwen a Water Master Plan.		2 of Mogal akwen a Water Master Plan.								
1 6	Contract 22- 2020/21 Constructi on of 5,8ml/day Kroomkloo f Water Treatment Works and high lift Pump station commissio ning of phase 1	Constr uction of 5,8ml/ day Kroom kloof Water Treatm ent Works and high lift Pump station commi ssionin g of phase	Constru ction at 25%	100% Constr uction of 5,8ml/ day Kroom kloof Water Treatm ent Works and high lift Pump station commi ssionin g of phase	Q1: 50% Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase	Q1: 60% Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase	R69 846 209,67	Not applicabl e	Not applic able	Progre ss report	Target achiev ed	PMU
					Q2: 70% Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase	Q2: 83% Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase						
					Q3: 80% Construction of 5,8ml/day Kroomkloof Water Treatment Works and	Q3: 92% Construction of 5,8ml/day Kroomkloof Water Treatment Works						

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					high lift Pump station commissioning of phase	and high lift Pump station commissioning of phase						
					Q4: 100% Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase	Q4: 99% Construction of 5,8ml/day Kroomkloof Water Treatment Works and high lift Pump station commissioning of phase						
17	Industrial well field Sefakaola WTW, Industrial well field Pipeline to (Sefakaola)	Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefaka	Construction at 50%	100% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefaka	Q1: 70% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefakaola	Q1: 92% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefakaola	R16 496 648,21	Not applicable	Not applicable	Progress report	Target achieved	PMU
					Q2: 80% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefakaola	Q2: 95% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefakaola						
					Q3: 90% Construction of Industrial well field (Sefakaola) WTW,	Q3: 99% Construction of Industrial well field (Sefakaola) WTW,						

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		<i>ola</i>		<i>ola</i>	<i>Industrial well field Pipeline to Sefakaola</i>	<i>Industrial well field Pipeline to Sefakaola</i>						
					<i>Q4: 100% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefakaola</i>	<i>Q4: 100% Construction of Industrial well field (Sefakaola) WTW, Industrial well field Pipeline to Sefakaola</i>						
18	Commissioning of phase 1 (Mokopane Town, Mokopane EXT 4,7,19 &20)	Refurbishment of high-level concrete reservoirs and electrification of booster pump station at Doorn draai	Construction at 25%	100% Refurbishment of high-level concrete reservoirs and electrification of booster pump station at Doorn draai	Q1: 50%	Q1: 53%	R28 737 016,62	Not applicable	Not applicable	Progress report	Target achieved	
					Q2: 75%	Q2: 72%						
					Q3: 90%	Q3: Construction at 76%						
					Q4: 100% Refurbishment of high-level concrete reservoirs and electrification of booster pump station at Doorn draai	Q4: 100% Refurbishment of high-level concrete reservoirs and electrification of booster pump station at Doorn draai						

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				<i>raai</i>								
19	Refurbishment of 58 reservoirs (Basterpad, Bokwidi, Dikgokgopeng, Galakwenastroom, Harmansdal, Jakkalskuil, Kabeane Kaditshwe ne Kroomkloof, Lesodi, Leyden, Lusaka-Ngoru, Mabuladihlare, Makekeng, Malapile, ,	Refurbishment of 46 Concrete and steel reservoirs at 26 Villages	Site Establishment 10%	100% Refurbishment of 46 Concrete and steel reservoirs at 26 Villages	Q1: 25%	Q1: 41%	R39 715 032,09	Additional scope of work	Completion of additional work	Progress report	Target achieved	PMU
					Q2: 50% Refurbishment of 46 Concrete and steel reservoirs at 26 Villages	Q2: 80% Refurbishment of 46 Concrete and steel reservoirs at 26 Villages						
					Q3: 75%	Q3: Construction at 81%						
					Q4: 100% Refurbishment of 46 Concrete and steel reservoirs at 26 Villages	Q4: Construction at 81%						

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	Mamatlak ala Marulane ng, Matebelen g, Nellie, Paulos, Rantlakan e, Skilpadskr aal, Skrikfontei n, Van Wykspan, Vlakfontei n 1 & 2 Wydhoek)											
20	Bakenburg mini water scheme MOG 27	constru ction of mini water scheme	Constru ction at 60%	100% constru ction of mini water scheme	Q1: Not applicable	Q1: Not applicable	R 445 714.93	Not applicabl e	Not applic able	Progre ss report	Target achiev ed	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: 80%	Q3: 80% Construction						
					Q4: 100% construction of mini water scheme	Q4: 100% construction of mini water scheme						

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21	Dev Water Services Segole-MOG 24	Development of water services in Segole	Construction at 60%	100% construction	Q1: Not applicable	Q1: Not applicable	R4 393 573.75	Not applicable	Not applicable	Appointment of service provider	Target not achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: 70%	Q3: Service provider appointed						
					Q4: 100% construction	Q4: 100% construction						
22	Dredging of oxidation Ponds-MOG 30	Dredging of oxidation Ponds	Construction at 60%	100% Dredging of oxidation Ponds	Q1: Not applicable	Q1: Not applicable	R766 484,66	Not applicable	Not applicable	Completion Certificate	Target not achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: 80%	Q3: 100%						
					Q4: 100% Dredging of oxidation Ponds	Q4: 100% Dredging of oxidation Ponds						
23	Taolome mini water scheme-MOG 28	Drilling, equipping and electrification of	Construction at 60%	100% construction	Q1: Not applicable	Q1: Not applicable	R1 786 296,01	Not applicable	Not applicable	Completion Certificate	Target not achieved	PMU
					Q2: Not applicable	Q2: Not applicable						
					Q3: 80%	Q3: Construction at 100%						

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		boreholes and Construction of pumping mains.			Q4: 100% construction	Q4: 100% construction						
24	Refurbishment & Upgrade of Sewer Pipelines in Mokopane Town & Peri-Urban - MOG 32	Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban	Construction at 20%	100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban	Q1: 30% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban	Q1: 50% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban	R19 430 097,56	Not applicable	Not applicable	Progress report	Target achieved	PMU
					Q2: 50% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban	Q2: 65% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban						
					Q3: 70% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban	Q3: 100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban						

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					<i>Q4: 100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Q4: 100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>						
25	<i>Refurbishment & Upgrade of Sewer Pipelines in Mokopane Town & Peri-Urban PH2- MOG 32</i>	<i>Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Construction at 20%</i>	<i>100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Q1: 30% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Q1: 50% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>R19 430 097,56</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Progress report</i>	<i>Target achieved</i>	<i>PMU</i>
					<i>Q2: 50% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Q2: 65% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>						
					<i>Q3: 70% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Q3: 76% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>						

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					<i>Q4: 100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>	<i>Q4: 100% Refurbishment and upgrade of Sewer pipelines in Mokopane town and Peri-Urban</i>						
26	<i>Replacement of AC pipes Mahwelereng A</i>	<i>Rehabilitation of Existing Water and Sanitation Infrastructure</i>	<i>New project</i>	<i>60% Rehabilitation of existing water and sanitation infrastructure</i>	<i>Q1: Submission of TR to DWS</i>	<i>Q1: TR submitted and approved by DWS</i>	<i>R15 943 450,10</i>	<i>Community unrest</i>	<i>Community unrest resolved, construction resumed</i>	<i>Progress report</i>	<i>Target not achieved</i>	<i>PMU</i>
					<i>Q2: TR approval processes by DWS</i>	<i>Q2: Contractor appointed and site handed over</i>						
					<i>Q3: Detailed designs approval.</i>	<i>Q3: Construction at 4,5%</i>						
					<i>60% progress for replacement of AC pipes in Mahwelereng</i>	<i>Q4: Construction at 15%</i>						
27	<i>Replacement of AC pipes Mokopane Town</i>	<i>Rehabilitation of Existing Water and</i>	<i>New project</i>	<i>60% Rehabilitation of existing water</i>	<i>Q1: Submission of TR to DWS</i>	<i>Q1: TR submitted and approved by DWS</i>	<i>R33 192 448,57</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Progress report</i>	<i>Target achieved</i>	<i>PMU</i>
					<i>Q2: TR approval processes by DWS</i>	<i>Q2: Contractor appointed and site handed over</i>						

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		Sanitation Infrastructure		and sanitation infrastructure	Q3: Detailed designs approval.	Q3: Construction at 4.5%							
					60% progress for replacement of AC pipes in Mahwelereng	Q4: Construction at 77%							

ANNEXURE C: SERVICE PROVIDERS PERFORMANCE

No	Service Providers	Project Name	Appointment Date	Contract Period	2023/2024 FY Revised Budget	Budget Spent (as end 30 June 2024)	Locality	Start Date	End Date	Progress by 30 June 2024	Corrective Action	Score	Responsible Department
												(1-5)	
1	Tshatshu Consulting Engineers / PK	Replacement of AC Pipes in Mokopane	08/12/2023	8 Months	R 33 192 448,57	R 33 192 448,5	Mokopane Town	23-Jan-24	30/09/2024	Construction		4	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
	Lamela JV	Town				7							
2	Mulalo Consulting Engineers / Leloba Bright	Refurishme nt of Sewer Pipelines in Mokopane in Ext 19 and 20	31/03/20 23	24 Mont hs	R 19 430 097,56	R 19 430 097,5 6	Mokopane Town	05-Jun- 20	30/11/2 022	Construct ion		3	PMU
3	Sky High Engineers/ Beten Construction	Replacemen t of AC Pipes in Mokopane Town	13/12/20 23	08 Mont hs	R 15 943 450,10	R 15 943 450,1 0	Mahwelere ng	03/01/2 024	30/09/2 024	Construct ion		3	PMU
4	Kumelcon/ 777TP	SEKGAKGAP ENG WATER SOURCE DEV	18/03/20 24	12 Mont hs	R 5 432 223,51	R 5 432 223,5 1	Sekgagkap eng	18/03/2 024	2023/01 /12	Construct ion		4	PMU
5	TQM	SODOMA & REBONE WATER SOURCE DEV RETIC	30-Jan-19	36 Mont hs	R 1 334 780,26	R 1 334 780,2 6	Rebone	30-Jan- 19	30/11/2 022	Construct ion		3	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
6	Rhelela/Drigo	Minor refurbishme nt works at Sekgakgape ng, Masodi and Rebone Oxidation Ponds	21/08/20 23	05 Mont hs	R 766 484,66	R 766 484,6 6	Sekgakgap eng, Masodi and rebone	20/9/20 23	16/02/2 024	Complete		2	PMU
7	Mulalo/NJR	Developmen t of water services infrastructu re at Segole: Source developmen t and construction of pumping mains to connect to existing network	18/9/202 0	44 Mont hs	R -	R -	Segole	18/9/20 20	23/05/2 024	Complete		1	PMU
8	ROMH/EDLIN	Bakenberg Drilling,	22/12/20	12 month	R 2 785	R 2 785	Bakenberg	26/01/2	31/07/2	Construct		3	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio s	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
		<i>equipping and electrificatio n of 4x boreholes</i>	22		915,60	915,60		023	023	ion			
9	THAMALA/ KTS GENERAL TRADERS	Taolome Drilling, equipping and electrificatio n of 4x boreholes	19/12/20 22	09 Mont hs	R 1 786 296,01	R 1 786 296,01	Taolome	23/12/2 022	23/09/2 023	Complete		3	PMU
1 0	RHELELA JV	Pruzen Farm	31/08/20 21	14 Mont hs	R -	R -	Pruzen	09-Jul- 20	31/06/2 023	Design		0	PMU
1 1	Bogolo Steagle JV/ Touch Thabana	Household Sanitation	30/10/20 23	04 Mont hs	R 11 826 077,66	R 11 826 077,66	Mogalakw ena	10/11/2 023	29/03/2 024	Construct ion		3	PMU
1	Mulalo Consulting /	Moordkoppi	18/04/20	04 Mont	R 784	R 784	Ditlotswan	26/04/2	30/08/2	Construct		3	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio ds	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
2	Mabotja Maintenance	e Phase 3	24	hs	446,08	446,08	e/ Witriver	024	024	ion			
1 3	ROMH/SEKGABO KENG	Constructio n of 2.5KM road in Molekane	01/10/20 21	22 Mont hs	R 3 301 237,58	R 3 301 237,58	Molekane	01/10/2 021	30/08/2 023	Complete		2	PMU
1 4	ROMH	Constructio n of 2.43km road Mabusela Mosoge	31/08/20 21	18 Mont hs	R -	R -	Mabusela	TBC	TBC	BEC		0	PMU
1 5	VCL/ PK Financial Services	Mini Water Scheme 23: Fotane/Ma mala Perekisi	23/02/20 23	12 Mont hs	R 4 398 332,36	R 4 398 332,36	Mapela	14/03/2 023	27/03/2 024	Complete		3	PMU
1 6	ROMH Consulting Engineers/ Ninabase JV	Sekgagape ng Ground Water	23/02/20 23	12 Mont hs	R 950 570,80	R 950 570,80	Sekgagap eng	31/01/2 023	12/12/2 023	Complete		4	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
1 7	Tsemokgo/Reliant	Malepetleke High Mast Lights	22/11/2023	06 Mont hs	R 2 727 159,86	R 2 727 159,86	Malepetleke	29/11/2023	20/05/2024	Practical		4	PMU
1 8	Tsemokgo/Reliant	Mesopotamia High Mast Lights	22/11/2023	06 Mont hs	R 1 698 832,21	R 1 698 832,21	Mesopotamia	29/11/2023	20/05/2025	Practical		4	PMU
1 9	Mahlangu Mamoloko JV/Lilitalethu	Mahwelere ng Phase 2A	27/06/2023	10 Mont hs	R 30 510 327,04	R 30 510 327,04	Mahwelere ng	29/06/2023	30/01/2024	Construct ion		5	PMU
2 0	Impumelelo Consulting/Botlabatsatsi	Mahwelere ng Phase 2B	27/06/2023	10 Mont hs	R 11 826 077,66	R 11 826 077,66	Mahwelere ng	29/06/2023	30/01/2024	Construct ion		4	PMU
2 1	Disema Consulting/	Diphichi Mini Water Scheme 13	18/10/2023	12 Mont	R 52 334	R 52 334	Diphichi Cluster	26/10/2023	15/11/2024	Construct ion		5	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio ds	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
	<i>Within Africa</i>	<i>Cluster A</i>			<i>001,34</i>	<i>001,34</i>							
2 2	<i>Disema Consulting/ MM Star</i>	<i>Diphichi Mini Water Scheme 13 Cluster B</i>	<i>16/11/20 23</i>	<i>12 Mont hs</i>	<i>R 40 200 205,16</i>	<i>R 40 200 205,16</i>	<i>Diphichi Cluster</i>	<i>27/11/2 023</i>	<i>12/12/2 024</i>	<i>Construct ion</i>		<i>5</i>	<i>PMU</i>
2 3	<i>Kumelcon/ TTTB Construction</i>	<i>Completion of Marulaneng Taxi Route</i>	<i>09/10/20 23</i>	<i>09 Mont hs</i>	<i>R 13 403 363,03</i>	<i>R 13 403 363,03</i>	<i>Marulanen g</i>	<i>20/10/2 023</i>	<i>30/09/2 024</i>	<i>Construct ion</i>		<i>4</i>	<i>PMU</i>
2 4	<i>Morula Consulting/Rihat hi</i>	<i>Constructio n of 3.5 ML Concrete reservoirs</i>	<i>14/08/20 23</i>	<i>48 Mont hs</i>	<i>R 25 480 740,18</i>	<i>R 25 480 740,18</i>	<i>Jakkalskuil Cluster</i>	<i>31/08/2 023</i>	<i>2022/03 /15</i>	<i>Construct ion</i>		<i>4</i>	<i>PMU</i>
2 5	<i>Morula Consulting/ Leloba Bright</i>	<i>Contract 6- Phase 2 Bulk water supply zone 1 -</i>	<i>18/10/20 23</i>	<i>12 Mont hs</i>	<i>R 18 636 251,32</i>	<i>R 18 636 251,3</i>	<i>Jakkalskuil Cluster</i>	<i>08/04/2 024</i>	<i>08/04/2 025</i>	<i>Construct ion</i>		<i>4</i>	<i>PMU</i>

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
		Completion of Steel Rising Main and PVC Gravity Pipelines				2							
2 6	Mulalo Consulting Engineers/MM Star	Commission ing of Phase 1	25/03/20 23	16 Mont hs	R 28 577 850,89	R 28 577 850,8 9	Mokopane	27/03/2 023	15/07/2 024	Complete		5	PMU
2 7	Mulalo Consulting Engineers/FM Infrastructure	Refurbishm ent of 46 Reservoirs	29/03/20 23	36 Mont hs	R 39 715 032,09	R 39 715 032,0 9	Jakkalskuil Cluster	27/03/2 023	27/09/2 024	Construct ion		5	PMU
2 8	Royal Haskoning/ Isiphethu Water Services	Kroomkloof Water Treatment Works	31/08/20 21	34 Mont hs	R 69 846 209,67	R 69 846 209,6 7	Jakkalskuil Cluster	01/10/2 021	30/08/2 024	Construct ion		2	PMU

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N o	Service Providers	Project Name	Appointm ent Date	Contr act Perio	2023/2 024 FY	Budge t	Locality	Start Date	End Date	Progress by 30 June	Correct ive Action	Sco re	Responsi ble Departm
2 9	Royal Haskoning/ Within Africa	Industrial wellfiled developmen t project (New)	25/03/20 23	16 month s	R 16 677 258,60	R 16 677 258,6 0	Mokopane	24/04/2 023	2024/08 /30	Construct ion		3	PMU

APPENDIX F – AUDIT COMMITTEES REPORT

REPORT OF THE AUDIT COMMITTEE ON MOGALAKWENA LOCAL MUNICIPALITY

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

Audit Committee Structure

Mogalakwena Local Municipality has an Audit Committee which is composed of three independent members and reports directly to Council.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 and 165 of the Municipal Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and the related code of conduct, policies and practices.

Stakeholder Engagement/s

The committee has been able to engage with the following stakeholders:

- Limpopo Provincial Treasury
- Limpopo Municipality of Corporate Governance, Human Settlement and Traditional Affairs
- Limpopo SALGA
- Limpopo Provincial Auditor (AGSA)

The Effectiveness of Internal Control

Based on the results of the formal documented review of the design, implementation and effectiveness of the municipality's system of internal controls conducted by the internal audit and AGSA during the financial year ended 30 June 2024, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Audit Committee concluded that the municipality's system of internal financial controls is effective and no material internal control breaches came to the Committee's attention.

Risk Management

The Audit committee reviewed the municipality's policies on risk management and strategy (including IT Governance) and monitored the implementation of risk management policy and strategy and concluded that municipality's risk management maturity level is satisfactorily, which is commendable.

In-Year Management and Monthly/Quarterly Report

Based on the quarterly review of in-year monitoring systems and reports, the Audit Committee is satisfied with the quality, accuracy, uselessness, reliability, appropriateness and adequacy of the municipality in-year reporting systems and would like to commend the municipality for that.

Internal Audit Arrangement

The Audit committee:

- Reviewed and approved the annual Internal Audit plans and evaluated the independence, effectiveness and performance of the internal audit function;
- Considered the reports of the Internal Auditors on the municipality's systems of internal control;
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;

Combined assurance

The Audit committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management and concluded that these were adequate to address all significant risks facing the municipality.

Compliance with the relevant laws and regulations

The Audit Committee considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and concluded that the municipality material complied with the enabling laws and regulations as well as its municipality policies and standard operating procedures.

Evaluation of Annual Financial Statements

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Following the review by the Audit Committee of the draft annual financial statements for the year ended 30 June 2024 before and after the audit, the committee is of the view that, annual financial statements fairly present the financial performance of the municipality for the year under review and can be incorporated into the annual report.

Evaluation of Annual Performance Report

Following the review by the Audit Committee of the annual performance report for the year ended 30 June 2024 before and after the audit, the committee is of the view that, draft annual performance report fairly presents the non-financial performance of the municipality for the year under review and can be incorporated into the annual report.

Consideration of the Final Audit report

The Audit Committee considered final audit report and concurred with the AGSA's unqualified audit opinion. Furthermore, the Audit Committee commended the municipality for the unqualified audit opinion.

Final Annual Report

The Audit Committee has also somewhat satisfied itself as to the integrity of the remainder of the annual report.

Auditor-General of South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues.

Conclusion

The Audit Committee wishes to acknowledge the commitment and support of Council, Honourable Mayor, Municipal Manager, AGSA staff, management and staff of the municipality. The political and administrative leadership stability in the municipality played ultimate and big role towards and improved and positive financial and non-financial performance.



SAB Ngobeni
Chairperson of the Audit Committee

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Date 30 November 2024

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APPENDIX G – ACTION PLAN ON AG’S REPORT

No	Finding	Internal control deficiency	Classification	Action Plan	Due Date	Official(s) delegated to
1	Comaf 20 - Deviations- Procurement made without following a competitive bidding process.	Lack of proper planning	Procurement and contract management	1. Development of the Procurement Plan and compliance register. 2. Training of Bid Committees members on SCM regulations. 3. Update the irregular expenditure register with the irregular identified. 4. Report the irregular expenditure to council and MPAC for investigation.	Immediately, Continuously	
2	Comaf 20 - Deviations: General procurement information not obtained on deviation.	Lack of proper planning	Procurement and contract management	1. Update the UIFW register with expenditure identified 2. Submission of UIFW register and reports to MPAC for investigation 3. Investigation of IUFW expenditure by MPAC 4. Submission of MPAC reports on SCM 5. Internal audit to perform review on SCM 6. Management should minimise the use of deviations 7. Management should ensure official carry out proper planning processes	Immediately, Continuously	
3	Comaf 21: RFQs were divided into parts in order to avoid complying	Lack of proper planning	Procurement and contract management	1. Development of the Procurement Plan and compliance register. 2. Update the irregular expenditure register with the irregular identified.	Immediately, Continuously	DH SCM Deputy CFO

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No	Finding	Internal control deficiency	Classification	Action Plan	Due Date	Official(s) delegated to
	with the requirements of the SCM policy			3. Report the irregular expenditure to council and MPAC for investigation.		
4	Comaf 21: Quotations not evaluated in accordance with the requirements as those indicated in the original request for quotations.	Management did not take effective steps to ensure compliance with the SCM regulations as bids were not evaluated in line with the evaluation criteria included in the RFQ	Procurement and contract management	<ol style="list-style-type: none"> 1. Update the UIFW register with expenditure identified 2. Submission of UIFW register and reports to MPAC for investigation 3. Investigation of IUFW expenditure by MPAC 4. Submission of MPAC reports on SCM 5. Internal audit to perform review on SCM 6. Ensure there is a RFP compliant checklist, that is signed and dated stamped for the evaluation process of received tenders 7. Ensure there is a proper review of the evaluation sheets to ensure compliance with the RFP 	Immediately, Continuously	DH SCM Deputy CFO
5	Comaf 21 : The reasons for not obtaining the minimum number of quotations were not recorded and approved by the delegated authority to proceed with the	Management did not fully implement the provisions of its internal policy by ensuring that reasons are recorded and approved for the failure to obtain the minimum number of quotes before proceeding with the procurement process.	Procurement and contract management	<ol style="list-style-type: none"> 1. Update the UIFW register with expenditure identified 2. Submission of UIFW register and reports to MPAC for investigation 3. Investigation of IUFW expenditure by MPAC 4. Submission of MPAC reports on SCM 5. Develop standard template memo for approval which will cater for the recording 	Immediately, Continuously	DH SCM Deputy CFO

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No	Finding	Internal control deficiency	Classification	Action Plan	Due Date	Official(s) delegated to
	transaction			and approval of reasons for failure to obtain the minimum number of quotes before proceeding with the procurement process		
6	Comaf 21: The quotations were not approved by the delegated official	Management did not take effective steps to ensure that final approvals were done by the delegated authority prior to awarding the quotation to the supplier.	Procurement and contract management	<ol style="list-style-type: none"> 1. Update the UIFW register with expenditure identified 2. Submission of UIFW register and reports to MPAC for investigation 3. Investigation of IUFW expenditure by MPAC 4. Submission of MPAC reports on SCM 5. Quotations to be approved by delegated officials as per the Delegation of Authorities. 	Immediately, Continuously	DH SCM Deputy CFO
7	Comaf 21 : Non-Compliance with the Preferential Procurement Regulations 2022 requirements	Management did not in all instances exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Procurement and contract management	<ol style="list-style-type: none"> 1. Update UIF register with expenditure identified. 2. Submission of UIFW register and reports to MPAC for investigation. 3. Investigation of UIFW expenditure by MPAC. 4. Submission of MPAC report to council. 5. Internal audit to perform review of SCM. 	Immediately, Continuously	DH SCM Deputy CFO

APPENDICES

No	Finding	Internal control deficiency	Classification	Action Plan	Due Date	Official(s) delegated to
8	Comaf 14: Unfair disqualification of bidders	Management did not take effective steps to ensure compliance with laws and regulations to ensure that the evaluation of bidders' documents is conducted in accordance with the Preferential Procurement Regulations and Municipal SCM regulations	Procurement and contract management	<ol style="list-style-type: none"> 1. Update UIF register with expenditure identified. 2. Submission of UIFW register and reports to MPAC for investigation. 3. Investigation of UIFW expenditure by MPAC. 4. Submission of MPAC report to council. 5. Internal audit to perform review of SCM. 	Immediately, Continuously	DH SCM Deputy CFO
9	Comaf 16 : Tenders that did not comply with the stipulated qualifying criteria was not disqualified as not responsive/ unacceptable.	Management did not take effective steps to ensure that the evaluation process was fair and consistent amongst all bidders	Procurement and contract management	<ol style="list-style-type: none"> 1. Update the UIF register with expenditure identified. 2. Submission of UIFW register and reports to MPAC for investigation. 3. Investigation of UIFW expenditure by MPAC. 4. Submission of MPAC report to council. 5. Internal audit to perform review of SCM. 6. Workshop SCM Officials and Management on PPR 2023. 	Immediately, Continuously	DH SCM Deputy CFO
10	Comaf 17: Bid Evaluation - some of the specified criteria in the tender documents were not evaluated by	Management did not take effective steps to ensure that the evaluation process was fair and consistent amongst all bidders	Procurement and contract management	<ol style="list-style-type: none"> 1. Update the UIF register with expenditure identified. 2. Submission of UIFW register and reports to MPAC for investigation. 3. Investigation of UIFW expenditure by MPAC. 	Immediately, Continuously	DH SCM Deputy CFO

APPENDICES

No	Finding	Internal control deficiency	Classification	Action Plan	Due Date	Official(s) delegated to
	the members of the evaluation committee.			4. Submission of MPAC report to council. 5. Internal audit to perform review of SCM. 6. Workshop SCM Officials and Management on PPR 2023.		
11	Comaf 11: Tenders that did not comply with the stipulated qualifying criteria was not disqualified as not responsive/unacceptable.	Management did not take effective steps to ensure that the evaluation process was fair and consistent amongst all bidders	Procurement and contract management	1. Update the UIF register with expenditure identified. 2. Submission of UIFW register and reports to MPAC for investigation. 3. Investigation of UIFW expenditure by MPAC. 4. Submission of MPAC report to council. 5. Internal audit to perform review of SCM. 6. Workshop SCM Officials and Management on PPR 2023.	Immediately, Continuously	DH SCM Deputy CFO

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Legal form of entity

Municipality in terms of section 1 of the Local Government:

Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)

Nature of business and principal activities

The main business operations of the municipality is to engage in local

government activities, which includes planning and promotion of integrated development planning, land use management, economic and environmental development and supplying of the following services to the community.

The following is included in the scope of operation

General Services - All types of services rendered by the municipality,

excluding the supply of housing to the community.

Waste Management Services - the collection and disposal of waste. Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers of the municipality in licensed areas. Wastewater Management - Collection and purification of waste water. Water services - provision of water to communities in both urban and rural areas within the municipal jurisdiction.

Legislation governing the municipality's operations

Constitution of the Republic of South Africa (Act 108 of 1998)

Local Government: Municipal Finance Management Act (act no.56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2003) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act 6 of 2004)

Division of Revenue Act (Act 1 of 2007)

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MAYORAL COMMITTEE

Executive Mayor	Hon. Taueatsoala N.S
Speaker	Cllr. Olifant P.L
Chief Whip	Cllr. Tsebe M.A
MMC - Municipal Public Accounts Committee	Cllr. Satege L.K MMC - Community Services Cllr. Maepa M.R
MMC - Corporate Support Services	Cllr. Tefu M.S
MMC - Finance	Cllr. Selemela R.G
MMC - Planning and Development Services	Cllr. Lebesa M.T
MMC - Technical Services	Cllr. Senoamadi M.M
MMC - Traffic and Emergency	Cllr. Mashabane T.E
MMC - Electrical Services	Cllr. Mokwele M.F
Councillors	Cllr. Alberts S
	Cllr. Boya R.M Cllr. Baloyi M.B Cllr. Coetzee Y Cllr. Dolo M.E Cllr. Gumedede M.J Cllr. Hlako C.W
	Cllr. Hlonyana M.D Cllr. Kekana M.R Cllr. Kgole G.P Cllr. Kgomo C.M
	Cllr. Laka L.E Cllr. Langa D.P Cllr. Ledwaba R.S Cllr. Maartens M
	Cllr. Mabe P.S Cllr. Madiba M.J
	Cllr. Majabodu K.S Cllr. Majoko S.C Cllr. Malebana T.N Cllr. Maluleke K.J Cllr. Makhubele H.P Cllr. Manganyi R.V
	Cllr. Maponya T.H Cllr. Marakalala C.N Cllr. Marakalala L.S Cllr. Marakalala M.P Cllr. Matlou L.E
	Cllr. Matlou M.C Cllr. Meteleni M.S
	Cllr. Mmangokoane K.L Cllr. Mogotle P.J
	Cllr. Molebale M.J Cllr. Molefe L.J Cllr. Molekoa L.P Cllr. Monama M.G Cllr. Mphahlele D.M Cllr. Ncube M.J Cllr. Ngoepe D.J
	Cllr. Ngwenya M.B.M Cllr. Nkgapele T.M Cllr. Nkhona H.J Cllr. Ncube M.J Cllr. Ngoepe D.J

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Cllr. Ngwenya M.B.M Cllr. Nkgapele T.M Cllr. Nkhona H.J
Cllr. Nxube T.G Cllr. Patleswane D Cllr. Ramela K.S Cllr. Rapatsa
M.M Cllr. Sebjane R.P Cllr. Sebele K.A Cllr. Setsiba E.T Cllr.
Shadung F.J Cllr. Shikwane M.J Cllr. Thobane M.S Cllr. Wiid E

Grading of local authority

Grade 4 Local Municipality

Accounting Officer

Mr MM Maluleka

Chief Finance Officer (CFO)

Mr K.A Ngomana

Registered office

54 Retief Street

Mokopane 0600

Bankers

Standard Bank

Auditors

AGSA (Limpopo Region)

Registered Auditors

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Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases Act
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWS	Department of Water and Sanitation

APPENDICES

FMG	Finance Management Grant
EPWP	Intergrated National Electrification Programme
FMG	Finance Management Grant
INEP	Intergrated National Electrification Programme
GRAP	Generally Recognised Accounting Practice
LG-SETA	Local Government Sector Education and Training
MIG	Municipal Infrastructure Grant (Previously CMIP)
MFMA	Municipal Finance Management Act
SALGA	South African Local Government Association
WSIG	Water Services Infrastructure Grant
RBIG	Regional Bulk Infrastructure Grant
mSCOA	Municipal Standard Chart of Accounts

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

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

APPENDICES

financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The accounting officer would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowance and benefits of councillors as disclosed in the annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read together with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and Minister of Provincial and Local Government determination in accordance with the Act.

The annual financial statements set out from page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

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ACCOUNTING OFFICER MR MM MALULEKA

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 local government activities, which include planning and promotion of intergrated development plan and supplying of the services to the community which are water, sanitation, fire, and environmental health services and operates principally in South Africa.

APPENDICES

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

2. GOING CONCERN

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

The ability of the municipality to continue as a going concern is dependent on continued grant funding from the national government.

Key financial ratios are adverse (Debtors impairment as a percentage of accounts receivables, creditors payment period, debtors' collection period) due to the decrease in the collection rate as the economy faces a lot of pressure within the jurisdiction of Mokgalakwena Local Municipality

The poor collection rate has put pressure on the liquidity in the municipality which in turn affects the payment of creditors as they fall due. Despite the pressures, the municipality continues to honour its debt with delay here and there.

Pending legal or regulatory proceedings against the municipality that may, if successful, result in claims against the municipality. In such cases, the municipality like in the past enters arrangements to honour the obligations.

3. SUBSEQUENT EVENTS

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Annual Financial Statements.

4. ACCOUNTING OFFICERS' INTEREST IN CONTRACTS

The accounting officer has no interest in contracts awarded, either direct or indirect.

5. ACCOUNTING POLICIES

As included in Note 1 of the annual financial statements, the municipality has consistently applied the accounting policies that are compliant to GRAP standards.

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. ACCOUNTING OFFICER

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

Mr MM Maluleka (Municipal Manager) RSA

APPENDICES

1. 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 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 quarterly basis.

Council has a very strict attitude towards legislative compliance, specifically the supply chain management principles, and also the proper functioning of Performance and Audit Committee and Municipal Public Accounts Committee (MPAC).

INTERNAL AUDIT

The municipality has an in-house internal audit function. This is in compliance with the Municipal Finance Management Act.

2. PRIMARY BANKERS

The primary bank account of the municipality as required by section 8 of the MFMA is held with Standard Bank.

3. AUDITORS

Auditor General South Africa (Limpopo Region) will continue in office for the next financial period.

The annual financial statements set out from page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Accounting Officer Mr MM Maluleka

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Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	191,901,518	346,869,789
Operating lease asset	4	10,913,165	9,029,965
Receivables from exchange transactions	5&7	158,000,135	454,498,164
Receivables from non-exchange transactions	6&7	31,290,069	90,926,271
VAT receivable	8	56,925,699	53,253,852

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Cash and cash equivalents	9	12,343,115	40,323,543
		461,373,701	994,901,584
Non-Current Assets			
Investment property	10	178,332,705	174,008,842
Property, plant and equipment	11	4,610,157,496	4,236,732,541
Intangible assets	12	901,063	1,554,933
Heritage assets	13	5,867,835	5,867,835
Receivables from exchange transactions	5	940,592	27,070,285
Receivables from non-exchange transactions	6	161,213	12,436,850
		4,796,360,904	4,457,671,286
Total Assets		5,257,734,605	5,452,572,870
Liabilities			
Current Liabilities			
Operating lease liability	14	3,533,901	419,916
Payables from exchange transactions	15	347,817,838	436,737,609
VAT payable	16	151,638,550	161,034,174
Consumer deposits	17	24,491,407	23,329,130
Unspent conditional grants and receipts	18	6,854,211	5,494,576
Employee benefit obligation	19	4,651,964	3,468,502
Provisions	20	9,052,358	7,876,916
		548,040,229	638,360,823
Non-Current Liabilities			
Employee benefit obligation	19	82,791,847	67,485,071
Provisions	20	56,197,791	49,845,036
		138,989,638	117,330,107
Total Liabilities		687,029,867	755,690,930
Net Assets		4,570,704,738	4,696,881,940
Accumulated surplus		4,570,704,738	4,696,881,940
Total Net Assets		4,570,704,738	4,696,881,940

APPENDICES

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	388,272,233	496,179,624
Rendering of services		69,326	67,150
Sale of goods		3,507	1,492,795
Impairment loss reversal	11	22,964,866	-
Rental of facilities and equipment	22	4,167,554	4,616,089
Licences and permits	23	9,794,118	12,219,941
Gains on sale of assets		81,174	755,559

APPENDICES

Administration and management fees received		-	55,867
Fair value adjustments	25	4,323,863	-
Other income	26	5,243,887	3,920,078
Interest received	26	63,634,541	61,638,802
Total revenue from exchange transactions		498,555,069	580,945,905
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	96,833,172	91,416,488
Interest received - Property rates	27	15,683,058	14,740,376
Transfer revenue			
Government grants & subsidies	28	1,043,679,538	816,017,292
Public contributions and donations		31,347,845	-
Fines, Penalties and Forfeits	29	3,400,445	2,224,536
Total revenue from non-exchange transactions		1,190,944,058	924,398,692
Total revenue	30	1,689,499,127	1,505,344,597
Expenditure			
Employee related costs	31	(373,213,521)	(333,912,620)
Remuneration of councillors	32	(24,808,192)	(13,785,616)
Depreciation and amortisation	33	(115,542,150)	(112,007,216)
Impairment loss	34	(14,203,553)	(30,455,230)
Finance costs	35	(18,659,465)	(18,253,710)
Lease rentals on operating lease	36	(43,628,056)	(7,222,002)
Debt write-off	37	(131,040,782)	(10,942,420)
Repairs and maintenance	38	(42,685,309)	(40,568,121)
Inventory consumed	39	(41,136,139)	(33,603,666)
Bulk purchases	40	(298,977,718)	(274,713,912)
Contracted services	41	(206,943,453)	(153,567,873)
Debt impairment	42	(238,768,082)	(192,752,776)
Loss on disposal of assets		(4,544,271)	(4,512,893)
Land inventory write-offs		(164,955,904)	(573,917)
Inventories losses/write-downs		-	(3,172,207)
Fair value adjustments		-	(3,551,201)
General Expenses	43	(163,114,320)	(96,661,256)

APPENDICES

Total expenditure	(1,882,220,915)(1,330,256,636)
(Deficit) surplus for the year	(192,721,788) 175,087,961

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	4,267,386,402	4,267,386,402
Changes in net assets		
Prior year error adjustments	254,407,577	254,407,577
Net income (losses) recognised directly in net assets	254,407,577	254,407,577
Surplus for the year	175,087,961	175,087,961
Total recognised income and expenses for the year	429,495,538	429,495,538
Total changes	429,495,538	429,495,538
Restated* Balance at 01 July 2023	4,250,125,873	4,250,125,873

APPENDICES

Changes in net assets		
Net income (losses) recognised directly in net assets	513,300,653	513,300,653
Net income (losses) recognised directly in net assets	513,300,653	513,300,653
Surplus for the year	(192,721,788)	(192,721,788)
Total recognised income and expenses for the year	320,578,865	320,578,865
Total changes	320,578,865	320,578,865
Balance at 30 June 2024	4,570,704,738	4,570,704,738
Note(s)		

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
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Cash flows from operating activities

Receipts

Sale of goods and services	259,932,227	546,463,009
Grants	1,076,386,839	759,233,868
Interest income	79,221,075	76,379,178
Other receipts	31,043,306	21,932,684

APPENDICES

		1,446,583,447	1,404,008,739
Payments			
Employee costs		(398,021,713)	(347,698,236)
Suppliers		(701,472,802)	(785,492,374)
Finance costs		(2,671,410)	(2,876,717)
		(1,102,165,925)	(1,136,067,327)
Net cash flows from operating activities	45	344,417,522	267,941,412
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(372,397,950)	(295,815,409)
Net increase/(decrease) in cash and cash equivalents		(27,980,428)	(27,873,997)
Cash and cash equivalents at the beginning of the year		40,323,543	68,197,540
Cash and cash equivalents at the end of the year	9	12,343,115	40,323,543

Statement of Comparison of Budget and Actual amount

Budget on accrual basis

Sale of goods	1,900,574	(1,862,074)	38,500	3,507	(34,993)	N1
Service charges	655,354,906	21,893,375	677,248,281	388,272,233	(288,976,048)	N2
Rendering of services	113,558	(4,000)	109,558	69,326	(40,232)	N3
Impairment loss reversal	-	-	-	22,964,866	22,964,866	N4
Rental of facilities and equipment	1,997,739	15,000	2,012,739	4,167,554	2,154,815	N5
Licences and permits	12,382,553	-	12,382,553	9,794,118	(2,588,435)	N7

APPENDICES

Gain on sale of assets	3,848,247	-	3,848,247	81,174	(3,767,073)	N8
Other income	2,435,391	2,453,929	4,889,320	5,243,887	354,567	
Interest received	39,079,601	16,430,000	55,509,601	63,634,541	8,124,940	N9
Total revenue from exchange transactions	717,112,569	38,926,230	756,038,799	494,231,206	(261,807,593)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	96,349,088	-	96,349,088	96,833,172	484,084	
Interest received - property rates	13,551,495	-	13,551,495	15,683,058	2,131,563	N10
Transfer revenue						
Government grants & subsidies	898,763,000	146,647,645	1,045,410,645	1,043,679,538	(1,731,107)	
Public contributions and donations	-	31,347,845	31,347,845	31,347,845	-	
Fines, Penalties and Forfeits	4,004,982	-	4,004,982	3,400,445	(604,537)	N11
Total revenue from non-exchange transactions	1,012,668,565	177,995,490	1,190,664,055	1,190,944,058	280,003	
Total revenue	1,729,781,134	216,921,720	1,946,702,854	1,685,175,264	(261,527,590)	
Expenditure						
Employee related costs	(410,695,695)	32,133,326	(378,562,369)	(373,213,521)	5,348,848	
Remuneration of councillors	(20,695,490)	(4,426,661)	(25,122,151)	(24,808,192)	313,959	
Inventory consumed	(47,670,605)	6,534,400	(41,136,205)	(41,136,139)	66	
Depreciation and amortisation	(100,410,011)	(41,935,511)	(142,345,522)	(115,542,150)	26,803,372	N12
Impairment loss	-	-	-	(14,203,553)	(14,203,553)	N13
Repairs and maintenance	(56,980,003)	14,750,330	(42,229,673)	(42,685,309)	(455,636)	
Finance costs	(2,895,622)	(15,782,345)	(18,677,967)	(18,659,465)	18,502	
Lease rentals on operating lease	(23,988,059)	(19,647,179)	(43,635,238)	(43,628,056)	7,182	
Debt write-off	-	(138,000,000)	(138,000,000)	(131,040,782)	6,959,218	N14
Bulk purchases	(306,638,829)	7,661,111	(298,977,718)	(298,977,718)	-	
Contracted Services	(85,657,654)	(124,999,128)	(210,656,782)	(206,943,453)	3,713,329	
Debt impairment	(190,573,607)	141,000,000	(49,573,607)	(238,768,082)	(189,194,475)	N15
General Expenses	(137,038,676)	(35,986,074)	(173,024,750)	(163,114,320)	9,910,430	
Total expenditure	(1,383,244,251)	(178,697,731)	(1,561,941,982)	(1,712,720,740)	(150,778,758)	
Operating deficit	346,536,883	38,223,989	384,760,872	(27,545,476)	(412,306,348)	

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Loss on disposal of assets	-	-	-	(4,544,271)	(4,544,271)	
Fair value adjustments	-	-	-	4,323,863	4,323,863	N16
Land inventory write-offs	-	-	-	(164,955,904)	(164,955,904)	
	-	-	-	(165,176,312)	(165,176,312)	
Deficit before taxation	346,536,883	38,223,989	384,760,872	(192,721,788)	(577,482,660)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	346,536,883	38,223,989	384,760,872	(192,721,788)	(577,482,660)	
Reconciliation						

Statement of Financial Position

Assets

Current Assets

Inventories	343,791,599	36,804,619	380,596,218	191,901,518	(188,694,700)
Consumer deposits	-	9,477	9,477	-	(9,477)
Operating lease asset	-	-	-	10,913,165	10,913,165
Receivables from exchange transactions	266,182,268	-	266,182,268	158,000,135	(108,182,133)
Receivables from non-exchange	96,377,241	(61,660,456)	34,716,785	31,290,069	(3,426,716)

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transactions					
VAT receivable	-	12,606,868	12,606,868	56,925,699	44,318,831
Cash and cash equivalents	83,260,898	-	83,260,898	12,343,115	(70,917,783)
	789,612,006	(12,239,492)	777,372,514	461,373,701	(315,998,813)
Non-Current Assets					
Investment property	137,121,068	56,670,879	193,791,947	178,332,705	(15,459,242)
Property, plant and equipment	4,537,112,424	105,268,782	4,642,381,206	4,610,157,496	(32,223,710)
Intangible assets	943,422,650	(938,000,000)	5,422,650	901,063	(4,521,587)
Heritage assets	5,867,835	-	5,867,835	5,867,835	-
Receivables from exchange transactions	16,137,241	-	16,137,241	940,592	(15,196,649)
Receivables from non-exchange transactions	-	-	-	161,213	161,213
	5,639,661,218	(776,060,339)	4,863,600,879	4,796,360,904	(67,239,975)
Total Assets	6,429,273,224	(788,299,831)	5,640,973,393	5,257,734,605	(383,238,788)
Liabilities					
Current Liabilities					
Operating lease liability	-	-	-	3,533,901	3,533,901
Payables from exchange transactions	210,463,270	56,928,384	267,391,654	347,817,838	80,426,184
VAT payable	88,638,230	(2,544,173)	86,094,057	151,638,550	65,544,493
Consumer deposits	28,084,279	1,647,436	29,731,715	24,491,407	(5,240,308)
Employee benefit obligation	-	-	-	4,651,964	4,651,964
Unspent conditional grants and receipts	-	-	-	6,854,211	6,854,211
Provisions	12,748,120	-	12,748,120	9,052,358	(3,695,762)
	339,933,899	56,031,647	395,965,546	548,040,229	152,074,683
Non-Current Liabilities					
Employee benefit obligation	-	-	-	82,791,847	82,791,847
Provisions	123,052,672	-	123,052,672	56,197,791	(66,854,881)
	123,052,672	-	123,052,672	138,989,638	15,936,966
Total Liabilities	462,986,571	56,031,647	519,018,218	687,029,867	168,011,649
Net Assets	5,966,286,653	(844,331,478)	5,121,955,175	4,570,704,738	(551,250,437)

Reserves

Accumulated surplus	5,966,286,653	(844,331,478)	5,121,955,175	4,570,704,738	(551,250,437)
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Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. SIGNIFICANT ACCOUNT POLICIES

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

1.1 BASIS OF PREPARATION

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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.

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.

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.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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RECEIVABLE FROM EXCHANGE TRANSACTIONS / NON EXCHANGE TRANSACTIONS

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 portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED) ALLOWANCE

FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

An assessment is made of net realisable value or current replacement cost, where applicable, of inventory at the end of each reporting period. A write down of inventory to the lower of cost or current replacement cost, where applicable, is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in surplus or deficit.

FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

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PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the future expected cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance. Management referred to the following when making assumptions regarding provisions:

Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

The provision for staff leave is based on accrued leave at year-end. The uncertainty is when the leave will be taken or if employment will be terminated.

Prepaid Electricity

Pre-paid electricity is only recognised as income as electricity is consumed. The estimate is based on pre-paid electricity sold at year-end, but still unused

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED) USEFUL

LIVES OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the municipality with similar assets, and whether the assets will be sold or used to the end of their economic lives and the condition at the time. The municipality considers all the facts and circumstances estimating the useful lives of assets, which included the consideration of financial, technical and other facts. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than the previously estimated useful lives.

The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The policy is also applicable to certain intangible assets.

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.

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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 19.

EFFECTIVE INTEREST RATE

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

ALLOWANCE FOR DOUBTFUL DEBTS

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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 cost. Transaction costs are included in the initial measurement.

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

5 INVESTMENT PROPERTY (CONTINUED)

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.

Management applies the category below to distinguish Investment Property from Property Plant and Equipment.

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- Land held for a currently undetermined future use and held for capital appreciation is regarded as Investment Property.

SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date.

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

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

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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.

Initial measurement

Property, plant and equipment is initially measured at cost on the acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

Subsequent measurement - Cost model

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment, are measured at cost, less accumulated depreciation and accumulated impairment losses.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	2 - 60 years
Plant and machinery	Straight-line	2 - 15 years
Furniture and fixtures	Straight-line	5 - 15 years
Motor vehicles	Straight-line	7 - 15 years
Furniture and Office equipment	Straight-line	5 - 10 years
IT equipment	Straight-line	5 - 10 years
Water network	Straight-line	5 - 100 years
Community Infrastructure	Straight-line	5 - 60 years
Other property, plant and equipment	Straight-line	5 - 20 years
Electricity Infrastructure	Straight-line	10 - 60 years

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Solid waste Infrastructure	Straight-line	10 - 60 years
Roads and Infrastructure	Straight-line	5 - 80 years
Park facilities	Straight-line	10 - 50 years
Waste water network	Straight-line	5 - 80 years
Railways	Straight-line	30 years
Specialised vehicles	Straight-line	10 - 15 years
Road reserves	Straight-line	indefinite

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.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits 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 remaining 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.

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

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

1.8 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

INTANGIBLE ASSETS (CONTINUED)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

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

1.9 HERITAGE ASSETS

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

RECOGNITION

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

INITIAL MEASUREMENT

Heritage assets are measured at cost.

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

SUBSEQUENT MEASUREMENT

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

1.7 IMPAIRMENT

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Heritage asset shall not be depreciated but the municipality shall 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.

In assessing whether there is an indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use
- The absence of an active market for a revalued heritage asset

Internal sources of information

- Evidence is available of physical damage or deterioration of a heritage asset
- A decision to halt the construction of the heritage asset before it is complete or in a usable format

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).

F1.10 FINANCIAL INSTRUMENTS

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

A financial instrument is recognised when the municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value. The initial measurement includes transaction cost directly attributable to the acquisition or issue of the financial asset or financial liability, as per GRAP 104.36.

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:

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

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

- deliver cash or another financial asset to another entity; or

exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity

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
Cash and cash equivalents	Financial asset measured at fair value
Operating lease assets	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at fair value Receivables from non-exchange transactions
	Financial asset measured at fair value

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short- term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

The municipality categorises cash and cash equivalents as financial assets at amortised cost.

Receivables from non-exchange transactions exclude Fines, Property rates, and VAT as these form part of statutory receivables (1.10)

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:

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CLASS	CATEGORY
Consumer deposits	Financial liability measured at amortised cost
Operating lease liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

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

The municipality measures a financial asset and financial liability initially at its fair value, plus in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

RECLASSIFICATION

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

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

1.10 GAINS AND LOSSES

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A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

IMPAIRMENT AND UNCOLLECTABILITY OF FINANCIAL ASSETS

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

FINANCIAL ASSETS MEASURED AT AMORTISED COST:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

The municipality assesses the financial assets for impairment individually, when assets are individually significant, or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment for impairment

For collective assessments of impairment, assets with similar characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to contractual terms

In making this assessment, management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the debtor;
- Delays in payments (including interest payments) or failure to pay / defaults;
- The probability that the borrower / debtor will enter sequestration (bankruptcy);
- Observable historical data indicating that there is a decrease in the estimated future cash flows that will be received by the municipality from a group of financial assets since the initial recognition of those assets;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Accounts in arrears for a period longer than the initial estimated repayment period;

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- Accounts with a provision factor of more than 10; and
- Accounts handed over for collection.

Management considers all the indicators above as guidance but only uses the indicators for which there is sufficient information to make the assessment for possible or actual impairment.

DERECOGNITION

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

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

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

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality

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continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

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

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

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.

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.

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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.

The municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables
- Property rates debtors
- Traffic fine debtors

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

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.

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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, a 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.

Rates debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the

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previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised

DERECOGNITION

The municipality derecognises a statutory receivable, or a part thereof, when:

- the contractual 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.

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. The leased assets are subsequently measured at cost less accumulated depreciation and accumulated impairment cost. **Finance leases - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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.

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The discount rate used in calculating the present value of the minimum lease payments is the commercial interest rate implicit in the lease agreement.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

OPERATING LEASES - LESSOR

Operating lease revenue is recognised as revenue on 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.

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

1.13 INVENTORIES

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

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

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

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

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.

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality except for water which is determined at the reporting date due to it being measured at the lower of cost and current replacement cost.

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.

Redundant and slow-moving inventories are identified and written down/written off. Inventories identified for write down/write off, but for which a council resolution to authorise the write down/write off, has not yet been obtained, are provided for as a provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arise

1.14 CASH AND CASH EQUIVALENTS

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.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash comprises cash on hand and demand deposits.

.1.15 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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DESIGNATION

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

IDENTIFICATION

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated

Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

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Internal sources of information

Evidence is available of obsolescence or physical damage of an asset.

Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite

A decision to halt the construction of the asset before it is complete or in a useable condition.

Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

VALUE IN USE

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.15 BASIS FOR ESTIMATES OF FUTURE CASH FLOWS

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

COMPOSITION OF ESTIMATES OF FUTURE CASH FLOWS

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;

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- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

DISCOUNT RATE

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

RECOGNITION AND MEASUREMENT (INDIVIDUAL ASSET)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.15 CASH-GENERATING UNITS

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best

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estimate of future price(s) that could be achieved in arm's length transactions in estimating:

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

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

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

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

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

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

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

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

1.15 REVERSAL OF IMPAIRMENT LOSS

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

REDESIGNATION

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

1.16 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

Assets acquired by the municipality are mainly used as per the municipality's mandate for service delivery purposes to customers that pay for the services but also to indigents. As the assets that are used for service delivery are similar, assets that generate cash flows cannot be distinguished from the non-cash generating assets and therefor are distinguished as non-cash generating.

In the event that the assets that generate cash flows can be clearly identified the assets will be designated as cash-generating.

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

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asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

IDENTIFICATION

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

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 oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

RESTORATION COST APPROACH

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Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.17 REDESIGNATION RECOGNITION AND MEASUREMENT

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

REVERSAL OF AN IMPAIRMENT LOSS

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

AN IMPAIRMENT

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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.

1.18 Employee benefits

15 IDENTIFICATION EMPLOYEE BENEFITS

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

CLASSIFICATION OF PLANS

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

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

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.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

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NET DEFINED BENEFIT LIABILITY (ASSET)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

DEFINED BENEFIT COST

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

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Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

1.17 SHORT-TERM EMPLOYEE BENEFITS RECOGNITION ALL SHORT-

TERM EMPLOYEE BENEFITS

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

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

SHORT-TERM PAID ABSENCES

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- (a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- (b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

BONUS, INCENTIVE AND PERFORMANCE RELATED PAYMENTS

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

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- (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS RECOGNITION

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- (a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

Post-employment benefits: Defined benefit plans Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

STATEMENT OF FINANCIAL POSITION

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan; and
- (b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

OTHER LONG-TERM EMPLOYEE BENEFITS RECOGNITION AND MEASUREMENT

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or

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permits their inclusion in the cost of an asset:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

TERMINATION BENEFITS RECOGNITION

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

MEASUREMENT

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post- employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

- (a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.
- (b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.18 Provisions and contingencies

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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.

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.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

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- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48.

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.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

At year end a provision is raised for the rehabilitation of landfill sites. The provision is the net present value of the future cash flows to rehabilitate damaged land at year end.

As 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 adjustments 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 be fully recoverable. If there is such an indication, the municipality tests the asset for the impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in the accounting policy on impairment of cash-generating assets and/ or impairment of non-cash generating assets

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

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.

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- 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 1.15 and 1.16.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

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

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

1.19 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.20 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from service charges and other operational activities.

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

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

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

MEASUREMENT

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

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.

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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.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. Services rendered are recognised by reference to the stage of completion of the transaction at the reporting date. Services rendered are recognised also when transaction costs and cost to complete can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

SERVICE CHARGES

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

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In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

PRE-PAID ELECTRICITY

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

1.20 INTEREST EARNED AND RENTAL RECEIVED

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment. Interest is recognised in surplus or deficit, using the effective interest rate method.

TARIFF CHARGES

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

REVENUE RECOGNITION OF UNCLAIMED DEPOSITS

Unclaimed deposits older than three (3) years are recognised as revenue.

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.

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

RECOGNITION

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

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

MEASUREMENT

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory

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receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

PROPERTY RATES

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

DEBT FORGIVENESS AND ASSUMPTION OF LIABILITIES

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

FINES

Fines constitute both spot fines and camera fines.

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

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

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

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.

22. 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.

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional grants

Equitable share allocations are recognised in revenue at the start 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.

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

23. INVESTMENT INCOME

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

24. 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.

25. 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).

1.24 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.

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.

1.26 UNAUTHORISED EXPENDITURE

Section 1 of the Local Government: Municipal Finance Management Act (Act no.56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality's approved budget
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the Local Government: Municipal Finance Management Act (Act no.56 of 2003) (MFMA) also define a vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

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The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality's budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

1.26 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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.

Additional disclosure for fruitless and wasteful expenditure is disclosed in note 49.

1.27 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 that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority

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may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Additional disclosure for irregular expenditure is disclosed in note for irregular expenditure.

1.26 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. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

1.27 RELATED PARTIES

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Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality.

The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

Related parties include key management personnel, close members of family of key management and councillors. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1.30 RELATED PARTIES (CONTINUED)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the

same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

1.31 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.

1.32 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.32 BUDGET INFORMATION (CONTINUED)

Comparative information is not required.

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In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the annual financial statements in determining whether a difference between the budgeted and actual amount is material.

All comparisons of the budget and actual amounts shall be presented on a comparative basis to the budget. Comparative information includes the following:

- the approved and final amounts
- actual amounts and final budget amounts

1.33 CONSUMER DEPOSITS

The municipality recognises consumer deposits as a current liability when the municipality becomes a party to the contract i.e. when the deposit is made. The consumer deposit is recognised as a liability as the municipality has an obligation to pay the money back to the consumer once the consumer account is closed. As the timing of when a consumer will close their account is unknown, the consumer deposits are classified as a current liability.

Consumer deposits are levied in line with council's policy to consumers when services are initially connected.

When services are 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.

1.34 VALUE ADDED TAX

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

1.35 ACCUMULATED SURPLUS

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surplus realised during a specific financial year is credited against the accumulated surplus.

Prior year adjustments, relating to income and expenditure are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	No material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	No material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	No material impact
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	No material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	No material impact
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	No material impact

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	Not yet determined	No material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	Not yet determined	No material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet determined	No material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2024	No material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet determined	No material impact
• GRAP 103 (as revised): Heritage Assets	Not yet determined	No material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	No material impact

3. Inventories

Consumable stores	67,784,418	57,244,856
Water for distribution	252,767	259,600
Land inventory	123,864,333	289,365,333
	191,901,518	346,869,789
Carrying value of inventories carried at fair value less costs to sell	123,864,333	289,365,333

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The land inventory was recognised at fair value less cost to sell due to the fact that the municipality could not determine the acquisition date and amounts as the land was registered in the name of the municipality before the year 2000

Inventories are held for own use and measured at the lower of cost and current replacement cost.

Land inventory of R 164,955,904 were written down to net realisable value in 2024. Write downs of inventory to net realisable value were required.

INVENTORY PLEDGED AS SECURITY

No inventory was pledged as security at the end of the financial year and in the previous financial year.

Water for distribution

Water for distribution

Opening balance	259,600	216,126
Purchases	41,083,026	36,819,347
Sales/consumed	(41,136,139)	(33,603,666)
Water adjustments	46,280	(3,172,207)
Closing balance	252,767	259,600

4. Operating lease asset

4.1 Leasing Arrangements.

The municipality has entered as Lessee into easing arrangements including, but not limited to, the following:

- Airplane hangers
- Properties

The Municipality as Lessor, has operating leases that relate to property owned by the municipality with lease terms of between 1 to 25 years, with an option to extend.

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Operating lease assets

Airplane Hangers	30,963	55,161
Properties	10,882,202	8,974,804
	10,913,165	9,029,965

Operating lease asset

The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods

No later than one year	1,337,958	1,256,360
Later than one year and not later than five years; and	8,621,525	7,902,598
Later than five years	61,888,515	63,945,401
	71,847,998	73,104,359

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Housing debtors	707,363	609,330
Non current portion	940,592	27,070,285
Sundry debtors	35,384,117	37,923,875
Consumer debtors - Electricity	14,766,282	58,007,291
Consumer debtors - Water	76,017,342	267,817,853
Consumer debtors - Waste water	12,042,837	35,457,062
Consumer debtors - Refuse	15,965,523	45,451,426
Consumer debtors - Service charges	3,116,671	9,231,327
	158,940,727	481,568,449

Non-current assets	940,592	27,070,285
Current assets	158,000,135	454,498,164
	158,940,727	481,568,449

Statutory receivables general information

The reassessment based on the payment rate has shown conditions that did not exist in the prior year. Based on the current assessment the movement in the prior year has been transferred to the debt impairment in the current financial year.

CREDIT QUALITY OF TRADE AND OTHER RECEIVABLES

APPENDICES

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

In determining the recoverability of receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the provision for impairment.

The municipality holds collateral over these balances in the form of consumer deposits and guarantees, which are not covering the total outstanding debt and vacant properties respectively.

Receivables from exchange transactions - Non-current assets

Receivables from exchange transactions - Non-current assets

Electricity	224,204	18,593,801
Refuse	619,539	1,115,801
Sewerage	41,023	1,131,635
Water	-	5,592,385
Service charges	55,826	636,663
	940,592	27,070,285

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Property rates	30,050,703	90,269,343
Fines	1,239,366	656,928
Property rates - non current portion	161,213	12,436,850
	31,451,282	103,363,121

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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Non-current assets	161,213	12,436,850
Current assets	31,290,069	90,926,271
	31,451,282	103,363,121
Receivable from exchange transactions - Non current assets		
Property rates	161,213	5,395,931
Accrued income	-	7,040,919
	161,213	12,436,850
Financial asset receivables included in receivables from non-exchange transactions above	31,290,069	39,830,688
Total receivables from non-exchange transactions	31,451,282	39,830,688
Reconciliations of traffic fines		
Gross receivables traffic fines	11,891,107	8,916,311
Accumulated impairment	(10,651,741)	(8,259,383)
	1,239,366	656,928

Statutory receivables general information

Transaction(s) arising from statute

Property rates - Municipal Property Rates Act (MPRA) Section 2 states that a local municipality may levy a rate on property in its area.

Traffic fines - Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act (Act No. 93 of 1996)

DETERMINATION OF TRANSACTION AMOUNT

Rates - Rates amount are determined in terms of Section 11 of the MPRA and the approved policy of the municipality. Fines - All fines are governed by the specific regulation which is applicable to the offense.

INTEREST OR OTHER CHARGES LEVIED/CHARGED

APPENDICES

Rates - Interest raised on past due balances at the prime interest rate. Fines - No interest or other charges are raised on

outstanding fines. **Receivables from non-exchange transactions pledged as security**

None of the receivables from non-exchange transactions were pledged as security.

CREDIT QUALITY OF RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.

7. CONSUMER DEBTORS DISCLOSURE

Gross balances

Consumer debtors - Rates	289,500,605	285,858,293
Consumer debtors - Electricity	142,254,495	215,268,895
Consumer debtors - Water	732,331,177	785,162,623
Consumer debtors - Waste water	116,017,542	112,282,807
Consumer debtors - Refuse	153,807,663	143,932,222
Consumer debtors - Service charges	30,025,208	24,045,590
	1,463,936,690	1,566,550,430

Less: Allowance for impairment

Consumer debtors - Rates	(259,449,902)	(195,588,950)
Consumer debtors - Electricity	(127,488,213)	(157,261,604)
Consumer debtors - Water	(656,313,835)	(517,344,770)
Consumer debtors - Waste water	(103,974,705)	(76,825,745)
Consumer debtors - Refuse	(137,842,140)	(98,480,796)
Consumer debtors - Service charges	(26,908,537)	(14,814,263)
	(1,311,977,332)	(1,060,316,128)

Net balance

Consumer debtors - Rates	30,050,703	90,269,343
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Consumer debtors - Electricity	14,766,282	58,007,291
Consumer debtors - Water	76,017,342	267,817,853
Consumer debtors - Waste water	12,042,837	35,457,062
Consumer debtors - Refuse	15,965,523	45,451,426
Consumer debtors - Service Charges	3,116,671	9,231,327
	151,959,358	506,234,302

Rates

Current (0 -30 days)	3,940,630	1,278,791
31 - 60 days	1,187,825	395,888
61 - 90 days	1,118,351	391,391
> 365 days	23,803,897	88,203,273
	30,050,703	90,269,343

Electricity

Current (0 -30 days)	7,574,471	4,744,941
31 - 60 days	1,382,902	863,672
61 - 90 days	740,763	803,549
> 365 days	5,068,146	51,595,129
	14,766,282	58,007,291

Water

Current (0 -30 days)	39,852,167	3,046,764
31 - 60 days	3,115,678	1,286,851
61 - 90 days	2,497,790	1,358,416
> 365 days	30,551,707	262,125,822
	76,017,342	267,817,853

Waste water

Current (0 -30 days)	1,053,966	341,871
31 - 60 days	379,668	131,667
61 - 90 days	364,867	141,540
> 365 days	10,244,336	34,841,984
	12,042,837	35,457,062

Refuse

Current (0 -30 days)	1,376,165	377,085
31 - 60 days	555,996	156,258
61 - 90 days	544,049	161,545

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> 365 days	13,489,313	44,756,538
	15,965,523	45,451,426

Service charges

Current (0 -30 days)	554,883	206,322
31 - 60 days	261,300	28,818
61 - 90 days	278,362	29,151
> 365 days	-	8,967,036
	1,094,545	9,231,327

Summary of debtors by customer classification

Residential

Current (0 -30 days)	186,486,688	58,925,344
31 - 60 days	20,890,072	21,312,923
61 - 90 days	16,229,323	20,440,723
91 - 120 days	1,002,974,680	1,190,475,829
	1,226,580,763	1,291,154,819
Less: Allowance for impairment	(913,490,415)	(1,162,120,155)
	313,090,348	129,034,664

Business/ commercial

Current (0 -30 days)	32,091,264	23,872,580
31 - 60 days	2,510,626	3,011,502
61 - 90 days	2,285,048	4,408,453
91 - 120 days	68,270,630	89,426,367
	105,157,568	120,718,902
Less: Allowance for impairment	(65,697,640)	(108,654,567)
	39,459,928	12,064,335

National and provincial government

Current (0 -30 days)	12,850,262	6,844,172
31 - 60 days	1,565,365	2,738,107
61 - 90 days	1,594,445	2,600,941
91 - 120 days	116,188,283	142,349,011
	132,198,355	154,532,231
Less: Allowance for impairment	(81,128,072)	(139,088,680)

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51,070,283 15,443,551

The significant decrease in the Sale of water was due to a reversal of interim/estimated readings for all the meters that were not previously read in previous years and have been read in the current year. The decrease is not a prior period error, and has been accounted for in the current year.

8. VAT RECEIVABLE

VAT 56,925,699 53,253,852

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	11,538,681	15,398,054
Short-term deposits	804,434	24,925,489
	12,343,115	40,323,543

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
Standard bank Primary	11,186,395	14,927,070	2,437,542	11,538,681	15,398,054	1,742,853
Standard bank Call account - 002	327,109	242,015	190,045	327,109	242,015	190,045
Standard bank Call Account - 052	477,325	24,683,473	66,264,642	477,325	24,683,474	66,264,642
Cash on hand	-	-	-	-	-	29,906
Total	11,990,829	39,852,558	68,892,229	12,343,115	40,323,543	68,227,446

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10. Investment property

Land and buildings	178,332,705	-	178,332,705	174,008,842	-	174,008,842
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Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Land and buildings	174,008,842	4,323,863	178,332,705

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Land and buildings	177,560,043	(3,551,201)	174,008,842

Fair value of investment properties

4,323,863 (3,551,201)

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of investment property.

There are no restrictions on the realisability of investment property of the remittance of revenue and proceeds of disposal.

PLEDGED AS SECURITY

All of the municipality's investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

INVESTMENT PROPERTY IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED

No investment property is in the process of being constructed or developed.

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.

AMOUNTS RECOGNISED IN SURPLUS OR DEFICIT

APPENDICES

Rental revenue from Investment property

775,737

1,152,237

11. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	253,739,248	(96,594,944)	157,144,304	250,458,773	(91,564,105)	158,894,668
Plant and machinery	63,769,515	(16,324,943)	47,444,572	38,937,648	(13,527,893)	25,409,755
Motor vehicles	54,369,870	(29,878,268)	24,491,602	46,887,258	(26,535,602)	20,351,656
Furniture and Office equipment	8,315,477	(6,316,341)	1,999,136	7,699,033	(6,307,646)	1,391,387
IT equipment	16,169,087	(7,953,939)	8,215,148	18,139,343	(6,999,673)	11,139,670
Electrical Infrastructure	461,143,225	(295,577,209)	165,566,016	452,979,134	(290,183,962)	162,795,172
Community Infrastructure	251,194,661	(132,328,878)	118,865,783	251,288,218	(124,399,664)	126,888,554
Roads Infrastructure	1,444,448,529	(717,660,673)	726,787,856	1,427,977,153	(692,788,557)	735,188,596
Sanitation and solid waste Infrastructure	322,670,036	(166,290,636)	156,379,400	304,625,638	(173,358,164)	131,267,474
Water network	3,280,903,620	(973,796,316)	2,307,107,304	3,168,138,280	(923,427,650)	2,244,710,630
Work in progress (WIP)	942,042,780	(45,886,405)	896,156,375	662,772,652	(44,077,673)	618,694,979
Total	7,098,766,048	(2,488,608,552)	4,610,157,496	6,629,903,130	(2,393,170,589)	4,236,732,541

APPENDICES

RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT 2024

	Opening balance	Additions	Disposals	Transfers	Provision adjustment	Depreciation	Impairment loss	Impairment reversal	Total
Land and Buildings	158,894,668	-	(340)	3,286,754	-	(4,954,428)	(82,350)	-	157,144,304
Plant and machinery	25,409,755	25,749,322	(88,008)	-	-	(3,626,497)	-	-	47,444,572
Motor vehicles	20,351,656	9,683,274	(359,295)	-	-	(5,184,033)	-	-	24,491,602
Furniture and Office equipment	1,391,387	1,258,605	(68,902)	-	-	(581,954)	-	-	1,999,136
IT equipment	11,139,670	-	(215,799)	-	-	(2,708,723)	-	-	8,215,148
Electrical Infrastructure	162,795,172	-	(1,808,989)	13,520,105	-	(8,940,272)	-	-	165,566,016
Community Infrastructure	126,888,554	-	(56,274)	-	-	(7,958,004)	(8,493)	-	118,865,783
Roads Infrastructure	735,188,596	-	-	16,471,376	-	(24,872,116)	-	-	726,787,856
Sanitation and solid waste Infrastructure	131,267,474	-	-	18,469,722	(425,324)	(4,836,524)	(11,060,814)	22,964,866	156,379,400
Water network	2,244,710,630	-	(1,884,765)	116,868,503	-	(51,343,899)	(1,243,165)	-	2,307,107,304
Work in progress (WIP)	618,694,979	443,277,947	-	(164,007,819)	-	-	(1,808,732)	-	896,156,375
	4,236,732,541	479,969,148	(4,482,372)	4,608,641	(425,324)	(115,006,450)	(14,203,554)	22,964,866	4,610,157,496

APPENDICES

Reconciliation of property, plant and equipment – 2023

	Opening balance	Additions	Disposals	Transfers	Provision adjustment	Depreciation	Impairment loss	Total
Land and Buildings	167,160,890	2,684,695	(29,762)	-	-	(5,045,020)	(5,876,135)	158,894,668
Plant and machinery	9,524,418	18,136,821	(141,765)	-	-	(2,109,719)	-	25,409,755
Motor vehicles	16,808,252	11,045,354	(2,174,913)	-	-	(5,327,037)	-	20,351,656
Furniture and Office equipment	2,171,593	6,044	(144,052)	-	-	(642,198)	-	1,391,387
IT equipment	3,568,079	10,164,913	(367,221)	-	-	(2,226,101)	-	11,139,670
Electrical Infrastructure	167,976,983	-	(1,607,353)	5,466,737	-	(8,947,991)	(93,204)	162,795,172
Community Infrastructure	112,560,727	-	-	23,609,665	-	(7,930,873)	(1,350,965)	126,888,554
Roads Infrastructure	699,319,122	-	-	61,542,227	-	(25,672,753)	-	735,188,596
Sanitation and solid waste infrastructure	155,416,155	-	(57,116)	7,581,525	(2,902,752)	(5,635,411)	(23,134,927)	131,267,474
Water network	2,100,840,752	-	(24,142)	191,871,950	-	(47,977,930)	-	2,244,710,630
Work in progress (WIP)	693,226,195	206,666,774	-	(281,197,990)	-	-	-	618,694,979
	4,128,573,166	248,704,601	(4,546,324)	8,874,114	(2,902,752)	(111,515,033)	(30,455,231)	4,236,732,541

Pledged as security

None of the property, plant and equipment have been pledged as security.

APPENDICES

Figures in Rand

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11. Property, plant and equipment (continued)

Projects taking long to complete

	Carrying Value	Total
1. Uitzicht taxi routes	103,964	103,964
2. Moruleng/Moela street	233,459	233,459
3. Lyden Roads & stormwater	202,328	202,328
4. Mokopane Sewer plant	256,945,708	256,945,708
5. Motse Pebbles Small Mining	414,153	414,153
6. Mabusela-Masoge Rds And S/Water Rd Struct	1,197,552	1,197,552
7. Duren/Monte Christo Mini Scheme	178,800	178,800
8. Water abstraction Pruzen farm	1,050,465	1,050,465
9. Source development Kgotsoro Millenium Park	622,936	662,936
10. Construction of water treatment works- package plant at Bakenberg	209,633	209,633
11. Jakkalskuil contract 06	133,561,119	133,561,119
12. Ramorulane Roads & stormwater	288,715	288,715
13. Industrial Well field development	54,641,140	54,641,140
	449,649,972	449,689,972

APPENDICES

1. Uitzicht taxi routes - Costs represents design fees of the project. However, Road Agency Limpopo completed the intersection as part of the N11 road asset. The connection to RAL road is not yet secured.
2. Moruleng/Moela street - Costs represents design fees of the project, but implementation has not yet commenced. The municipality could not yet secure funding for the project.
3. Lyden Roads & stormwater - Costs represents design fees of the project, but implementation has not yet commenced. The municipality could not yet secure funding from MIG and the connection to RAL road is not yet secured.
4. Mokopane Sewer plant - This project is taking a significant time to complete, but has been taken over by IvanPlats and is in the process of being completed. The project was delayed due to community unrest and contract disputes. This was resolved hence the project is now operational.
5. Motse Pebbles Small Mining - The project design has been completed, and the project is being implemented by Anglo American Platinum as part of Social and Labour Plan Projects (SLP). The project could originally not be implemented due to the high cost of the market received during tender. Hence Anglo American platinum committed to support the municipality with co-funding. The mine is currently reviewing the economic and feasibility study to present for approval by the board.
6. Mabusela-Masoge Rds And S/Water Rd Struct - The project design has been completed, but no construction has taken place – Tender has been awarded, but due to project cost, certain elements in the design are being revisited. A new tender process has commenced. The project tender evaluation has been interdicted by the High court due to a contractor who lodged a court case against the municipality on this project. The project tender processes will resume once the court process is completed.
7. Duren/Monte Christo Mini Scheme - The project design has been completed, but no construction has taken place – The technical reports have been submitted to DWS. The project is delayed due to a delay in the approval of the technical report by DWS.
8. Water abstraction Pruzen farm - The project design has been completed, but no construction has taken place. This project is currently in the tender phase. Delays was due to wayleave approval by SANRAL as well as the WULA approval by DWS. These were only approved in the 1st quarter of 2024/25 financial year, hence the project is on tender stage.
9. Source Development Kgotsoro Millenium Park - The project design has been completed, but construction has not taken place. The project could originally not be implemented due to the high cost of the market received during tender. The revised technical report has been submitted to the funder (DWS) in October 2023 for revised budget, the municipality is awaiting response on the submitted revised technical report.
10. Construction of water treatment works- package plant at Bakenberg - The project design has been completed, but no construction has taken place. Phase one of the project was completed (bulk lines, 1 ML reservoir, ground water development), phase 2 is the package plant but the water source is no longer sufficient due to dry aquifer.
11. Jakkalskuil contract 06 - This project was previously halted, but construction has recommenced. The project has been delayed due to contract disputes and the contractor terminated himself. New contractors are appointed and works are in progress scheduled for completion in June 2025.
12. Ramorulane Roads & stormwater - The phase one of the scoping report is complete, but the project is yet to be implemented. The municipality could not yet secure funding from MIG and the connection to RAL road is not yet secured.
13. Industrial Wellfield - This project was previously halted, but is in construction again. There has been an original delay on this project due to a dispute with a contractor. A new appointment has been made and the project is being implemented.

APPENDICES

HALTED PROJECTS

				Cost	Impairment	Carrying value
1. Moshate stadium	44,077,673	(44,077,673)	-			
2. Mini Scheme 9: Mathekga, Moshuka & Segole	1,808,732	(1,808,732)	-			

1. Moshate stadium - The contractor absconded and the project is halted. The municipality actioned legal proceedings.

2. Mini Scheme 9: Mathekga, Moshuka & Segole - The project has been completed, but included in the project cost is an amount of R1 808 731,5 relating to the implementation of two package plants, which have not been delivered. The municipality is in the process of instituting legal action in this regard.

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

Maintenance of buildings, fleet and Equipment	15,259,138	17,427,515
Maintenance of Buildings and Facilities	361,355	358,128
Engineering Civil and electrical infrastructure	27,384,589	22,467,644
	43,005,082	40,253,287

APPENDICES

Reconciliation of Work-in-Progress 2024

	Included within Roads Infrastructure	Included within Water network	Included within Sanitation and solid waste	Included within Electrical Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	35,630,237	297,943,910	283,648,575	1,058,105	414,153	-	618,694,980
Additions/capital expenditure	58,362,621	350,443,557	29,264,803	5,027,980	-	178,985	443,277,946
Other movements - Impairments	-	(1,808,732)	-	-	-	-	(1,808,732)
Transferred to completed items	(24,862,772)	(112,020,871)	(20,859,106)	(6,086,085)	-	(178,985)	(164,007,819)
	69,130,086	534,557,866	292,054,272	-	414,153	-	896,156,375

Reconciliation of Work-in-Progress 2023

	Included within Roads Infrastructure	Included within Water network	Included within Sanitation and solid waste Infrastructure	Included within Electrical Infrastructure	Included within Community	Total
Opening balance	64,456,191	340,016,805	265,563,819	701,466	22,487,914	693,226,196
Additions/capital expenditure	35,138,783	151,550,694	18,084,756	356,639	1,535,903	206,666,774
Transferred to completed items	(63,964,737)	(193,623,589)	-	-	(23,609,664)	(281,197,989)
	35,630,237	297,943,910	283,648,575	1,058,105	414,153	618,694,981

Reversal of impairment

During the year, the functionality of a previously impaired Drying Beds and Bioreactors at the Mokopane Waste Water Treatment Works were restored, resulting in the reversal of the previously recorded impairment.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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12. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3,937,696	(3,036,633)	901,063	4,895,006	(3,340,073)	1,554,933

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software, other	1,554,933	(118,179)	(535,691)	901,063

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	722,556	1,331,356	(6,796)	(492,183)	1,554,933

Pledged as security

None of the intangible assets were pledged as security.

13. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
National parks and structures	5,867,835	-	5,867,835	5,867,835	-	5,867,835

APPENDICES

Reconciliation of heritage assets 2024

	Opening balance	Total
National parks and structures	5,867,835	5,867,835

Reconciliation of heritage assets 2023

	Opening balance	Total
National parks and structures	5,867,835	5,867,835

Heritage assets which fair values cannot be reliably measured

The market related price of the heritage assets cannot be determined reliably, and as such, no revaluation can be performed.

Heritage assets consists of monuments and statues which are mostly guarded at a heritage site.

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14. Operating lease liability

7.1 Leasing Arrangements.

The Municipality as Lessee, has operating leases that relate to Fleet, IT equipments and WIFI with lease terms of between up to 3 years.

The municipality has entered as Lessee into leasing arrangements including, but not limited to, the following:

- Motor vehicles fleet.
- IT equipment.
- Wifi

The above leases are for a maximum of 3 years. There is no contingent rent payable. There are no terms of renewal or purchase options. Each lease bears standard escalation clauses at an annual rate. No restrictions are imposed by lease arrangements, such as those concerning return of surplus, return of capital contributions, dividends or similar distributions, additional debt, and further leasing

Operating lease liability	3 342 273	387 372
Operating lease accrual - Fleet		
Operating lease accrual - IT Equipment	135 200	-
Operating lease liability - WIFI	56 428	32 544
	3 533 901	419 916

Future lease payments under operating lease

Payable within one year	50 429 474	63 492 948
Payable within two to five years	54 665 009	103 770 284
	105 094 483	167 263 232

Minimum lease payments recognised in statement of financial performance.

Lease rentals on operating lease	43 628 056	7 222 002
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Operating lease asset

The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods

No later than one year

	215 542	1 256 360
Later than one year and not later than five years; and	1 038 231	7 902 598
Later than five years	10 869 738	63 945 401

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12 123 511

73 104 359

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15. Payables from exchange transactions

Trade payables	147,287,974	270,364,833
Payments received in advanced	27,388,483	19,237,431
Control and clearing accounts	2,047,998	3,132,452
Deposits received	1,278,897	1,159,334
Retention creditors	81,797,940	62,128,423
Leave accrual	47,326,299	44,688,604
Bonus accrual	8,764,607	8,321,513
Licenses and permits	28,514,641	23,845,146
Other creditors	3,410,999	3,859,873
	347,817,838	436,737,609

16. VAT payable

Tax refunds payables	151,638,550	161,034,174
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17. Consumer deposits

Electricity	19,877,974	18,730,196
Water	4,489,214	4,489,214
Housing rental	124,219	109,720
	24,491,407	23,329,130

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	-	131,694
Water Services Infrastructure Grant (WSIG)	-	5,338,907
Regional Bulk Infrastructure Grant (RBIG)	-	23,975
Disaster Relief Grant	6,854,211	-
	6,854,211	5,494,576

APPENDICES

Movement during the year

Balance at the beginning of the year	5,494,576	62,278,000
Additions during the year	471,061,173	286,035,868
Income recognition during the year	(469,701,359)	(280,541,292)
Funds returned to treasury	-	(62,278,000)
	6,854,390	5,494,576
Figures in Rand	2024	2023

19. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Post retirement medical aid plan	(70,143,841)	(54,933,106)
Long service award	(17,299,970)	(16,020,467)
	(87,443,811)	(70,953,573)
Non-current liabilities	(82,791,847)	(67,485,071)
Current liabilities	(4,651,964)	(3,468,502)
	(87,443,811)	(70,953,573)

The municipality offers employees and continuation members an opportunity of belonging to any of the several medical aid schemes, most of which offer a range of options pertaining to cover.

Upon retirement, an employee continues membership on the medical scheme. Upon a member's death in service or death in retirement, the surviving dependents may continue membership of the scheme.

Changes in the present value of the defined benefit obligation are as follows: Medical aid

Opening balance	54,933,106	63,557,565
Current service cost	3,045,368	3,337,879
Interest cost	7,160,628	7,796,688
Actuarial (gain)/loss	6,786,007	(18,795,214)
Contributions subsidies	(1,781,268)	(963,812)
	70,143,841	54,933,106

APPENDICES

Net expense recognised in the statement of financial performance are as follows: Medical aid

Current service cost	3,045,368	3,337,879
Interest cost	7,160,628	7,796,688
Acturial (gain)/loss	(6,786,007)	(18,795,214)
	3,419,989	(7,660,647)

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION ARE AS FOLLOWS: LONG SERVICE AWARD

Opening balance	16,020,467	16,097,429
Current service cost	1,390,519	1,489,551
Interest cost	1,628,476	1,615,321
Actuarial (gain)/loss	(52,258)	(1,464,725)
Benefits payment	(1,687,234)	(1,717,109)
	17,299,970	16,020,467

Net expense recognised in the statement of financial performance are as follows: Long Service Award

Current service cost	1,390,519	1,489,551
Interest cost	1,628,476	1,615,321
Acturial (gain)/loss	(52,258)	(1,464,725)
	2,966,737	1,640,147

19. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Post Employment Medical Aid Provision

The employer's post employment health care liability consists of a commitment to pay a portion of the pensioner's post employment medical scheme contributions. The liability is also generated in respect of dependents who are offered continued membership of the medical scheme on the death of the primary member.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a 60% subsidy.

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Upon a member's death in retirement, the surviving dependents will continue to receive the same subsidy, however, upon a member's death in service the surviving dependents will not continue to receive the subsidy.

All subsidies are subject to a maximum cap of R5 604.58. for the year ending 30 June 2024. The maximum cap subsidy amount has been assumed to increase in the future at 75% of the salary inflation.

Age Band	Active employees on medical aid		Active employees not on medical aid	
	Number	Average past service (years)	Number	Average past service (years)
<25	-	-	-	-
25 - 29	2	2,94	10	4,5
30 - 34	19	5,48	43	4,96
35 - 39	59	8,12	92	6,71
40 - 44	73	9,85	109	8,24
45 - 59	66	14,18	116	10,22
50 - 54	52	17,11	106	12,39
55 - 59	34	16,38	70	14,23
60 - 64	28	24,91	47	17,42
>=65	-	-	-	-
Total	333	13,18	593	10,26

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The total number of members on continuation is 41 pensioners..

Key Financial Assumptions	Value
p.a (%)	
Discount rate (D)	13,12
Consumer price inflation (C)	7,06
Health care cost inflation (H)	8,56
Maximum subsidy inflation rate	6,05
Net discount rate $((1+D)/(1+H)-1)$	4,20

Carrying amount

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Figures in Rand	2024	2023
19. Employee benefit obligations (continued)		
Present value of the defined obligation Wholly unfunded	70,143,841	54,557,036
Non-current liabilities	67,792,877	53,151,838
Current liabilities	2,350,964	1,781,268
	70,143,841	54,933,106
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	54,933,106	63,557,565
Net expenses recognised in the statement of financial performance	15,210,735	(8,624,459)
	70,143,841	54,933,106
Net expense recognised in the statement of financial performance		
Current services costs	3,045,368	3,337,879
Interest cost	7,160,628	7,796,688
Acturial (gains)/losses	6,786,007	(18,795,214)
Expected subsidy (Benefits) payments	(1,781,268)	(963,812)
	15,210,735	(8,624,459)

Sensitivity analysis

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.

key variables, to recalculate the liabilities use the following assumptions:

- 1; % increase in medical inflation rate results in a 14.50% increase in the accrued liability whilst 1% decrease in the medical inflation rate will result in a 12.02% decrease in the accrued liability.

Post retirement mortality

PA(90)-2 (PA(90) with a two-year age adjustment) means that each beneficiary was assigned a mortality rate of an individual two years younger than that beneficiary, i.e. lighter mortality implying that the individual lives longer than expected in the valuation basis.

Therefore, the below change in the mortality assumption would result in a 2.76% increase in the accrued liability.

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Post retirement mortality	30 June 2024	PA(90) -2
	Valuation basis	
Employer's Accrued liability	70,143,841	72,079,227
Employer's current service cost	3,746,561	3,837,665
Employer's interest cost	9,045,515	47,831,380
	-	-

Medical Inflation	-1 Medical Aid Inflation	Valuation Assumption	+1 Medical Aid Inflation
Employer's Accrued Liability	61,710,952	70,143,841	80,314,734
Figures in Rand		2024	2023

19. Employee benefit obligations (continued)			
Service cost	3,154,242	3,746,561	4,484,764
Interest cost	7,940,215	9,045,515	10,378,766
	-	-	-

Valuation method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date

Post employment medical aid liabilities

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). The mortality, retirements and withdrawals from service as set out below were factored. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. It was assumed that 100% of all active members on medical aid will remain on medical aid once they retire. It was assumed that all active members will remain on the same medical aid option at retirement

Valuation of Assets

APPENDICES

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. Therefore assets were considered as part of our valuation.

Valuation of assumptions

In estimating the liability for post-employment medical aid benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

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 12.75 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 13.12% per annum, and the yield on the inflation linked bonds of a similar term was about 5.19% per annum, implying an underlying expectation of inflation of 7.06% per annum $([1 + 13.12\% - 0.5\%] / [1 + 5.19\%] - 1)$.

A healthcare cost inflation rate of 8.56% was assumed. This is 1.5% 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 is important, rather than the nominal values. We have thus assumed a net discount factor of 4.20% per annum $([1 + 13.12\%] / [1 + 8.56\%] - 1)$

APPENDICES

19. Employee benefit obligations (continued)

Demographic and decrement assumptions

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

Assumption	Active employees	Pensioners
Normal retirement age	65	-
Fully accrued age	62	-
Employment age used for past service period	Actual service entry age	Actual service entry age
Age difference between spouses	4 years	4 years
Proportion married	60% assumed married at retirement	Actual marital status

Withdrawals Rates

We used the same withdrawal rates assumption used by the previous actuary to be consistent between valuations.

Age	Withdrawal rates (Female)	Withdrawal rates (Male)
20	9.0%	9.0%
25	8.0%	8.0%
30	6.0%	6.0%
35	5.0%	5.0%
40	5.0%	5.0%
45	4.0%	4.0%
50	3.0%	3.0%
55+	-	-

APPENDICES

19. LONG SERVICE AWARD

Actuarial Method and assumptions

The valuation of the defined benefit obligation is performed at year end by an independent expert. Objective

Funding is the making of advance provision to meet the cost of accruing benefit promises. The funding objectives implicit in GRAP25/IAS19 are to maintain a provision 100% of the accrued service liability. The maintenance of such a provision gives employees a measure of security in respect of accrued benefit rights and also helps ensure that the employer does not maintain excessive resources within the provision made.

Method

The method of funding prescribed by GRAP25 is called the " Project Unit Method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to valuation date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the valuation date.

The assumptions used in the calculation as discussed above are set out below:

Pace of Funding

It is important to note that the assumptions do not affect the actual cost of the benefit paid, only the pace at which those costs are provided for in the accounts of the Mogalakwena Municipality.

An exercise of this nature should be completed every 2 to 3 years in order to monitor progress and ensure that the strategy adopted is still appropriate.

ANALYSIS OF THE ACTUARIAL (GAIN)/LOSS

The actuarial ((gain)/loss summarises the effects of the valuation assumptions compared to the actual experience of the participants.

Key financial Assumptions

Value p.a

(%)

Discount rate	10,28
General earnings inflation rate (long term)	4.77
Salary increase rate	5.77
Net Discount rate	4.26

APPENDICES

Mortality during employment - SA 85- 90

Average retirement age - 62

Age 20	9	9
Age 25	8	8
Age 30	6	6
Age 35	5	5
Age 40	5	5
Age 45	4	4
Age 50	3	3
	-	-

APPENDICES

Reconciliation of provisions - 2024

Landfill site rehabilitation	57,043,987	-	-	7,198,951	(425,324)	63,817,614
Performance bonus	677,965	1,432,535	(677,965)	-	-	1,432,535
	57,721,952	1,432,535	(677,965)	7,198,951	(425,324)	65,250,149

Reconciliation of provisions - 2023

	Opening Balance	Write Off	Current interest cost	Other movements	Total
Landfill site rehabilitation	53,981,755	-	5,964,984	(2,902,752)	57,043,987
Performance bonus	-	-	-	677,965	677,965
Other provisions	300,000	(300,000)	-	-	-
	54,281,755	(300,000)	5,964,984	(2,224,787)	57,721,952
Non-current liabilities				56,197,791	49,845,036
Current liabilities				9,052,358	7,876,916
				65,250,149	57,721,952

Landfill site rehabilitation provision

Provision for rehabilitation of landfill sites relates to the legal obligation to restore and rehabilitate the Mokopane and Rebene landfill sites used for waste disposal.

The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision.

Risk describes variability of outcome. A risk adjustment may increase the amount at which a liability is measured. Caution is needed in making judgements under conditions of uncertainty, so that revenue or assets are not overstated and expenses or liabilities are not understated.

However uncertainty does not justify the creation of excessive provisions or deliberate overstatement of liabilities. For example if the projected costs of a particularly adverse outcome are estimated on a prudent basis, that outcome is not then deliberately treated as more probable than is realistically the case.

Care is needed to avoid duplicating adjustments for risk and uncertainty with consequent overstatement of provision.

APPENDICES

20. ASSUMPTIONS

The landfill Closure and Rehabilitation Costing Methodology (LCRCM) consists of five (5) components namely:

- The element that make up the final rehabilitation and closure.
- Basic unit costs for each element.
- Variables that have an impact on one or more cost elements and result in a loading (positive or negative) on the basic unit cost.
- A set of algorithms that define the calculation of the amount of the various cost elements by describing the relationship between basic unit costs and the impact of the variables thereon.
- Discounting of the rehabilitation and closure costs.

GRAP 19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

Key Financial Assumptions used

	For Rebone and Mokopane Landfills (%)
Discount rate	11.94
CPI	6.51
Net effective discount rate	5.10

The amounts recognised in the Statement of Financial Position are as follows:

Carrying Value	2024	2023
Present value of the defined benefit obligation-wholly unfunded	63,817,614	57,043,987
Non - Current liabilities	56,197,791	49,845,036
Current liabilities	7,619,823	7,198,951
	63,817,614	57,043,987
Change in the present value of the defined benefit obligation are as follows:		
Opening balance	57,043,987	53,981,755

APPENDICES

Net expense recognised in the statement of financial performance	6,773,627	3,062,232
	63,817,614	57,043,987

Net Expense recognised in the statement of financial performance	2024	2023
Change in the landfill closure provision	(425,324)	(2,902,752)
Interest cost	7,198,951	5,964,984
	6,773,627	3,062,232

Figures in Rand	2024	2023
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21. Service charges

Sale of electricity	320,820,795	333,802,711
Sale of water	13,531,927	121,642,675
Sewerage and sanitation charges	53,184,294	39,969,624
Other service charges	735,217	764,614
	388,272,233	496,179,624

Revenue foregone – Metered services

In The previous financial year the municipality had properties where it could not demonstrate that was proper infrastructure for metered services. The municipality cannot quantify the extent of the revenue forgone for that period as it is impractical to do so.

APPENDICES

22. Rental of facilities and equipment

Premises	4,167,554	4,616,089
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23. Licences and permits

Road and Transport	9,794,118	12,219,941
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24. Fair value adjustments

Investment property (Fair value model)	4,323,863	(3,551,201)
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25. Other revenue

Administration and management fees received - third party	-	55,867
Miscellaneous receipts	5,243,887	3,920,078
	5,243,887	3,975,945

26. Investment revenue

Interest revenue

Bank	7,796,112	4,884,985
Interest charged on trade and other receivables	55,838,429	56,753,817
	63,634,541	61,638,802

27. Property rates

Rates received

Residential	40,095,301	38,096,381
Commercial	44,820,853	42,007,053
State	11,538,793	10,956,577
Public Service Organisations	378,225	356,477
	96,833,172	91,416,488
Property rates - penalties imposed	15,683,058	14,740,376

APPENDICES

	112,516,230	106,156,864
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Figures in Rand	2024	2023
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28. Government grants & subsidies

Operating grants

Equitable share	573,978,000	535,476,000
Extended Public Works Programme (EPWP)	1,151,000	1,161,000
Financial Management Grant (FMG)	2,100,000	2,099,968
	577,229,000	538,736,968

Capital grants

Municipal Infrastructure Grant (MIG)	183,086,694	179,595,306
Integrated National Electrification Programme (INEP)	-	3,753,074
Regional Bulk Infrastructure Grant (RBIG)	198,346,148	51,630,851
Water Services Infrastructure Grant (WSIG)	80,671,907	42,301,093
Municipal Disaster Relief Grant	4,345,789	-
	466,450,538	277,280,324
	1,043,679,538	816,017,292

Conditional and Unconditional

Included in above are the following grants and subsidies recognized as revenue:

Conditional grants recognized as revenue	469,701,359	280,541,292
Unconditional grants recognized as revenue	573,978,000	535,476,000
	1,043,679,359	816,017,292

Equitable Share

APPENDICES

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	131,694	30,101,515
Current-year receipts	182,955,000	179,727,000
Conditions met - transferred to revenue	(183,086,694)	(179,595,306)
Funds returned to treasury	-	(30,101,515)
	-	131,694

Conditions met and transfeerd to revenue.

This grant is intended to assist the municipality with infrastructure spend in order to promote service delivery.

Intergrated National Electrification Programme (INEP)

Balance unspent at beginning of year	-	25,000,000
Current-year receipts	-	7,000,000
Conditions met - transferred to revenue	-	(7,000,000)
)	
Funds return to treasury	-	(25,000,000)
)	
	-	-

Conditions met and transfeerd to revenue.

This grant is intended to assist the municipality with elctrical infrastructure spend in order to promote service delivery.

APPENDICES

Figures in Rand

2024

2023

28. Government grants & subsidies (continued)

Financial Management Grant (FMG)

Current-year receipts	2,100,000	2,100,000
Conditions met - transferred to revenue	(2,100,000)	(2,100,000)
	-	-

Conditions met and transfeed to revenue.

This grant is intended to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act, The conditions of the grant were met. No refunds have been withheld.

Expanded Public Works Programme (EPWP)

Current-year receipts	1,151,000	1,161,000
Conditions met - transferred to revenue	(1,151,000)	(1,161,000)
	-	-

Conditions met and transfeed to revenue.

This grant is intended for incentives to municipalities to expand efforts for work creation.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	5,338,907	7,176,485
Current-year receipts	75,333,000	47,640,000
Conditions met - transferred to revenue	(80,671,907)	(42,301,093)
Funds returned to treasury	-	(7,176,485)
	-	5,338,907

Conditions still to be met - remain liabilities (see note 18).

This grant is intended to assist the municipality with water infrastructure spend in order to promote service delivery

APPENDICES

Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	23,975	-
Current-year receipts	198,322,173	51,654,826
Conditions met - transferred to revenue	(198,346,148)	(51,630,851)
	-	23,975

Conditions met and transfeed to revenue.

This grant is intended to assist the municipality with infrastructure spend in order to promote service delivery

Municipal Disaster Relief Fund

Current-year receipts	11,200,000	-
Conditions met - transferred to revenue	(4,345,789)	-
	6,854,211	-

Conditions still to be met - remain liabilities (see note 18).

This grant is intended to assist the municipality with disaster relief and reconstruction of damaged infrastructure.

Figures in Rand

2024

2023

APPENDICES

29. Fines, Penalties and Forfeits

Law Enforcement Fines	3,400,445	2,224,536
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30. Revenue

Sale of goods	3,507	1,492,795
Rendering of services	69,326	67,150
Service charges	388,272,233	496,179,624
Impairment loss reversal	22,964,866	-
Rental of facilities and equipment	4,167,554	4,616,089
Licences and permits	9,794,118	12,219,941
Gains on sale of land	81,174	755,559
Administration and management fees received	-	55,867
Other income	5,243,887	3,920,078
Interest received	63,634,541	61,638,802
Property rates	96,833,172	91,416,488
Property rates - penalties imposed	15,683,058	14,740,376
Government grants & subsidies	1,043,679,538	816,017,292
Public contributions and donations	31,347,845	-
Fines, Penalties and Forfeits	3,400,445	2,224,536
	1,685,175,264	1,505,344,597

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	3,507	1,492,795
Service charges	388,272,233	496,179,624
Rendering of services	69,326	67,150
Impairment loss reversal	22,964,866	-
Rental of facilities and equipment	4,167,554	4,616,089
Licences and permits	9,794,118	12,219,941
Gains on sale of assets	81,174	755,559
Administration and management fees received	-	55,867
Other income	5,243,887	3,920,078
Interest received	63,634,541	61,638,802
	494,231,206	580,945,905

APPENDICES

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	96,833,172	91,416,488
Property rates - penalties imposed	15,683,058	14,740,376

Transfer revenue

Government grants & subsidies	1,043,679,538	816,017,292
Public contributions and donations	31,347,845	-
Fines, Penalties and Forfeits	3,400,445	2,224,536

	1,190,944,058	924,398,692
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Figures in Rand	2024	2023
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31. Employee related costs

Basic	208,392,394	207,461,696
Medical aid - company contributions	22,637,878	(2,902,908)
UIF	1,792,617	1,730,211
SDL	2,885,490	2,817,995
Leave pay provision charge	10,641,182	7,976,343
Defined contribution plans	43,730,446	42,704,823
Travel, motor car, accommodation, subsistence and other allowances	29,894,441	31,706,669
Overtime payments	25,354,995	19,627,204
Long-service awards	(348,973)	(1,692,283)
13th Cheques	18,679,036	16,183,434
Acting allowances	2,434,152	2,926,859
Housing benefits and allowances	376,412	399,878
Cellphone allowance	6,679,012	4,851,507
Bargaining council	64,439	121,192
	373,213,521	333,912,620

Remuneration of municipal manager

Annual Remuneration	1,723,441	762,120
Contributions to UIF, Medical and Pension Funds	428,350	209,375
Other allowances	117,202	173,020
Acting allowances.	-	78,056
	2,268,993	1,222,571

APPENDICES

Remuneration of chief finance officer

Annual Remuneration	787,119	187,156
Contributions to UIF, Medical and Pension Funds	153,651	36,777
Other allowances	278,574	68,292
Acting allowances	-	24,998
	1,219,344	317,223

Remuneration of manager - Corporate Support Services

Annual Remuneration	1,327,240	518,861
Contributions to UIF, Medical and Pension Funds	256,451	103,475
Other allowances	355,585	262,936
Acting allowance	-	8,257
	1,939,276	893,529

Remuneration of manager - Traffic and Emergency Services

Annual Remuneration	508,178	118,883
Contributions to UIF, Medical and Pension Funds	147,930	-
Other allowances	257,734	13,021
Acting allowance	-	143,137
	913,842	275,041

APPENDICES

Figures in Rand

2024

2023

31. Employee related costs (continued)

Remuneration of manager - Technical Services

Annual Remuneration	641,511	330,330
Contributions to UIF, Medical and Pension Funds	185,532	78,189
Other allowances	177,907	100,263
Acting allowance	60,939	84,531
	1,065,889	593,313

Remuneration of manager - Planning and Economic Development

Annual Remuneration	1,334,183	534,869
Contributions to UIF, Medical and Pension Funds	338,437	149,936
Other allowances	271,129	189,502
Acting allowance	-	39,611
	1,943,749	913,918

Remuneration of manager - Community services

Annual Remuneration	820,152	-
Contributions to UIF, Medical and Pension Funds	226,154	-
Other allowances	567,530	-
Acting allowances	-	220,229
	1,613,836	220,229

32. Remuneration of councillors

Executive Mayor	1,056,432	978,789
Mayoral Committee Members	5,781,998	6,037,045
Speaker	812,105	798,782
Councillors	17,157,657	5,971,001
	24,808,192	13,785,617

In-kind benefits

APPENDICES

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has two full-time bodyguards.

ADDITIONAL INFORMATION

The salaries, allowances and benefits of political office-bearers and councillors of the municipality are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa read with the Remuneration of Public Office Bearers Act (Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

33. Depreciation and amortisation

Property, plant and equipment	115,006,459	111,515,033
Intangible assets	535,691	492,183
	115,542,150	112,007,216

Figures in Rand	2024	2023
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34. Impairment loss

Impairments

Property, plant and equipment	14,203,553	30,455,230
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35. Finance costs

Late payment charges	3,096,734	2,936,465
Defined benefit obligation	15,562,731	15,317,245
	18,659,465	18,253,710

36. Lease rentals on operating lease

Motor vehicles

Contractual amounts	41,819,472	5,143,551
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Equipment

Contractual amounts	1,808,584	1,964,321
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APPENDICES

Plant and equipment

Contractual amounts	-	114,130
	43,628,056	7,222,002

The municipality has entered as Leasing arrangements including, but not limited to, the following:

- Motor vehicles fleet.
- IT equipments
- Wifi

The above leases are for a maximum of 3 years. There is no contingent rent payable. There are no terms of renewal or purchase options. Each lease bears standard escalation clauses at an annual rate. No restrictions are imposed by lease arrangements, such as those concerning return of surplus, return of capital contributions, dividends or similar distributions, additional debt, and further leasing

37. Debt write-off

Contributions to debt impairment provision	131,040,782	10,942,420
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38. Repairs and maintenance

Maintenance of buildings, fleet and facilities	361,355	358,128
Maintenance of equipment	14,939,365	17,742,349
Engineering civil and electrical infrastructure	27,384,589	22,467,644
	42,685,309	40,568,121

APPENDICES

Figures in Rand

2024

2023

39. Inventory consumed

Water	41,136,139	33,603,666
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Water losses

	Units 2024	Units 2023		
Units purchased	3,455,904	5,633,193	40,053,927	50,698,737
Units sold	(2,677,239)	(2,944,951)	(31,029,203)	(26,504,559)
Total	778,665	2,688,242	9,024,724	24,194,178

Comprising of:

Non-technical losses	778,665	2,688,242	9,024,724	24,194,178
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Percentage Loss:

Non-technical losses	23 %	48 %	23 %	48 %
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Distribution losses relating to water is due to damage on water infrastructure network resulting in leakages an and illegal connection.

40. Bulk purchases

Electricity - Eskom	298,977,718	274,713,912
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Electricity losses

	Units 2024	Units 2023		
Units purchased	169,928,324	181,275,403	299,044,713	246,289,195
Units sold	(132,070,504)	(136,509,167)	(232,421,441)	(185,467,704)
Total loss	37,857,820	44,766,236	66,623,272	60,821,491

Comprising of:

APPENDICES

Non-technical losses	37,857,820	44,766,236	66,623,272	60,821,490
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Percentage Loss:				
Non-technical losses	22 %	25 %	22 %	25 %

Distribution losses relating to electricity is due to illegal connection.

Figures in Rand	2024	2023
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41. Contracted services

Outsourced Services

Information Technology services	15,835,798	17,225,868
Security Services	66,258,508	57,662,141

Consultants and Professional Services

Business and Advisory	55,913,938	39,505,401
Revenue consultants	19,416,186	289,376
Legal Services	49,386,690	38,882,707

Contractors

Bore Waterhole Drilling	132,333	-
Catering Services	-	2,380

206,943,453	153,567,873
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42. Debt Impairment

Property rates	74,187,950	24,109,752
Electricity	10,853,439	57,562,566
Water	104,949,449	89,547,774
Waste water	19,944,247	9,236,677
Refuse	26,440,639	10,768,216
Service charges	-	248,437
Traffic fines	2,392,358	1,279,354
238,768,082	192,752,776	

APPENDICES

Figures in Rand	2024	2023
43. General expenses		
Advertising	6,509,359	3,347,826
Auditors remuneration	9,284,111	11,649,189
Bank charges	1,733,661	1,653,008
Cleaning	1,210,948	1,026,930
Commission paid	147	600
Computer expenses	3,174,887	289,465
Consumables	67,089,303	21,449,372
Audit committee costs	592,411	646,635
Delivery expenses	477,395	262,095
Auctioneers fees	456,630	-
Grass cutting and busg clearing	530,378	212,850
Insurance	9,793,166	10,768,945
Actuaries fees	25,000	55,000
IT expenses	118,978	279,602
Fleet	335,983	271,460
Medical examinations	130,932	77,933
Printing and stationery	3,715,865	2,598,936
Staff welfare	244,014	69,579
Subscriptions and membership fees	217,543	158,847
Telephone and fax	1,045,849	1,491,603
Subsistence and travelling costs	1,506,804	4,057,769
Training	484,305	21,202
Accommodation	1,579,415	593,092
Uniforms	8,414,671	447,807
Other expenses	7,668,769	6,557,062
Landfill site maintenance and provision	9,568,464	-
Indigent relief	6,037,651	6,125,600
SDL and Ward committees	5,919,542	4,154,413
Electricity consumption (Boreholes, Pump house & Streetlights)	15,002,839	13,765,678
Construction costs - INEP	245,300	4,628,758
	163,114,320	96,661,256
44. Auditors' remuneration		
Fees	9,284,111	11,649,189

APPENDICES

Figures in Rand

2024

2023

45. Cash generated from operations

(Deficit) surplus	(192,721,788)	175,087,959
Adjustments for:		
Depreciation and amortisation	115,542,150	112,007,216
Debt impairment	434,100,685	179,349,184
Finance costs - Provisions	15,988,055	15,376,993
Change in the landfill closure provision	(425,324)	(2,902,752)
Acturial (Gains)/losses	6,733,749	(20,259,939)
Gain on sale of assets	(81,174)	(755,559)
Expected benefit vesting	(3,468,502)	(2,680,921)
Impairment deficit	14,203,553	30,455,230
Debt write-off	131,040,782	10,942,420
Movements in operating lease assets and accruals	1,230,785	(1,583,249)
Movements in employee benefit obligation	16,490,238	8,701,421
Movements in provisions	7,528,197	(1,576,154)
Fair value adjustment	(4,576,390)	(3,145,309)
Loss on disposal of assets	4,544,271	4,826,833
Inventories losses/write downs	-	(3,172,207)
Changes in working capital:		
Inventories	154,968,271	(35,130,434)
Receivables from exchange transactions	(193,018,689)	42,581,966
Other receivables from non-exchange transactions	(64,196,017)	(81,458,390)
Payables from exchange transactions	(88,919,771)	(111,119,720)
VAT	(13,067,471)	10,564,713
Unspent conditional grants and receipts	1,359,635	(56,783,424)
Consumer deposits	1,162,277	(1,384,465)
	344,417,522	267,941,412

46. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

APPENDICES

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	359,845,395	359,845,395
Operating lease asset	-	10,913,165	10,913,165
Cash and cash equivalents	12,343,115	-	12,343,115
	12,343,115	370,758,560	383,101,675

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	153,839,125	153,839,125
Consumer deposits	24,491,407	24,491,407
Unspent conditional grants and receipts	6,854,211	6,854,211
	185,184,743	185,184,743

2023

Financial assets

Figures in Rand	2024	2023
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46. Financial instruments disclosure (continued)

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	179,628,591	179,628,591
Operating lease asset	-	9,029,965	9,029,965
Cash and cash equivalents	40,323,543	-	40,323,543
	40,323,543	188,658,556	228,982,099

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	369,944,742	369,944,742
Consumer deposits	23,329,130	23,329,130
Unspent conditional grants and receipts	5,494,576	5,494,576
	398,768,448	398,768,448

APPENDICES

47. Commitments

Authorised capital expenditure

Already contracted for

• Property, plant and equipment	316,057,586	276,209,888
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Total capital commitments

Already contracted for	316,057,586	276,209,888
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Authorised operational expenditure

Already contracted for

• Expenditure	41,574,625	36,936,480
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Total operational commitments

Already contracted for	41,574,625	36,936,480
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Total commitments

Total commitments

Authorised capital expenditure	316,057,586	276,209,888
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Authorised operational expenditure	41,574,625	36,936,480
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357,632,211	313,146,368
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This committed expenditure relates to Property, Plant and equipment and services rendered and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated and conditional grants.

The municipality also has numerous contracts based on rates and commitment value cannot be reliably determined. Operational commitments disclosed include the future lease payment on operating leases.

APPENDICES

Figures in Rand

2024

2023

48. Contingencies

Active Litigation Cases

Name of Plaintiff / Defendant and nature of claim

2024

2023

1. Matter between Mmusho Security & Projects and MLM. Breach of contract. The matter is being defended and still pending.	6,451,650	6,451,650
2. Matter between CSI Africa and MLM. Claim for services rendered. The matter is being defended and still pending.	376,256	376,256
3. Matter between High Risk Reaction Unit and MLM. Claim for security services rendered. Matter is being defended and still pending.	13,390,228	12,724,416
4. Matter between Voice Press and MLM. Claim for services rendered. The matter is being defended and still pending.	633,000	633,000
5. Matter between S&M Montani and MLM. Claim for damages due to strike action. The matter is being defended and still pending.	9,150,000	9,150,000
6. Matter between Mokgwathi Masilo Bethuel and MLM. Damages due to negligence. The matter is being defended and still pending.	2,824,210	2,824,210
7. Matter between General and Mahlatsi Security Services and MLM. Claim for breach of contract. The matter is being defended and pending.	6,949,045	6,949,045
8. Matter between Tsentshe Manufacturing and MLM. Claim for services rendered. Matter is being defended and still pending.	4,014,418	4,014,418
9. Matter between Pheehane and MLM. Claim for services rendered. The matter is being defended and still pending.	800,000	800,000
10. Matter between Bettie Mahlangu and one other and MLM. Claim for services rendered. The matter is being defended and still pending.	974,950	974,950
11. Matter between Tainama Civils Matter and MLM. Claim for services rendered. The matter is being defended and still pending.	4,900,000	4,900,000
12. Matter between Nemorango Consulting Engineering and MLM. Claim for services rendered. The matter is being defended and still pending.	2,395,332	2,395,332
13. Matter between Kalekale Investments (Pty) Ltd and MLM. Claim for services rendered. The matter is being defended and still pending.	1,213,465	1,213,465
14. Matter between Agisanang Business Solutions and MLM. Claim for non - payment dispute. The matter is being defended and still pending.	3,830,239	3,830,239
15. Matter between Malose Andries Makhafola and MLM. Claim for services rendered. The matter is being defended and still pending.	2,900,000	2,900,000
16. Matter between Cum Laude Projects and MLM. Claim for services rendered. The matter is being defended and still pending.	150,000	150,000
17. Matter between Mamoloko Contractors and MLM. Claim for services rendered. The matter is defended and still pending.	12,000,000	12,000,000
18. Matter between Sebua Inc and MLM. Claim for services rendered. The matter is	254,854	-

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being defended and is still pending.		
19. Matter between Makgetsi Construction and MLM. Claim for services rendered. The matter is being defended and is still pending.	2,000,000	-
20. Matter between Mamoloko Contractors and MLM for services rendered. The matter is being defended and is still pending.	12,000,000	-
21. Matter between Maximum Profit Recovery and MLM. Claim for services rendered. The matter is being defended and is still pending.	2,855,851	-
22. Matter between Nyoffu Attorneys and MLM. Claim for services rendered. The matter is being defended and is still pending.	1,170,330	-
23. Matter between Lesibasiba Projects (12/03/24) and MLM. Claim for services rendered. The matter is being defended and is still pending.	800,000	-
	92,033,828	72,286,981

CONTINGENCIES (CONTINUED)

The following are contingent liabilities whose values are not yet ascertainable.

1. Matter between Malose Andries Makhafola and MLM. Non compliance with constitutional responsibilities. The matter is being defended and is still pending.
2. Matter between Arocon Mbokodo and MLM. Claim for unlawful appointment. Matter is being defended and is still pending.
3. Matter between Unlawful occupiers and MLM. Claim for illegal occupation of land. The matter is being defended and is still pending.
4. Matter between VuthaMkhondo/Epholeleng Security and MLM. Interdict against MLM for termination of services. The matter is being defended and is still pending.
5. Matter between L S Sekgota/MLM +8 others and MLM. Claim for unlawful appointment. Matter is being defended and is still pending.
6. Matter between Maximum Profit Recovery and MLM. Claim for services terminated. The matter is being defended and is still pending.
7. Matter between Makgetsi Construction and MLM. Claim for rescission application. The matter is being defended and is still pending.

APPENDICES

Subtotal	-	-
16. Matter between Cum Laude Projects and MLM. Claim for services rendered. The matter is being defended and still pending.	1	-

Third Party Claims

Name of Plaintiff / Defendant and nature of claim	Claim no.	2024
1. Third party claim lodged against the municipality for falling into a pit and dying _ G.M Seleka	21/2020-21	2,800,000
2. Third party claim lodged against the municipality for pothole damage_ N.M Molokomme	09/2021-22	13,079
3. Third party claim lodged against the municipality for Vehicle accident damage_J Motsopye	11/2021-22	13,968
4. Third party claim lodged against the municipality for pothole damage_ N. Mashishi.	13/2021-22	33,044
5. Third party claim lodged against the municipality for pothole damage_Dr Z Abdool.	58/2021-22	3,800
6. Third party claim lodged against the municipality for pothole to damaged a vehicle_B Molekana.	60/2021-22	7,634
7. Third party claim lodged against the municipality that she was without water for number of days_ Mrs VD Merwe	63/2021-22	29,950
8. Third party claim lodged against the municipality for pothole damage_Foord J.A	02/2022-23	53,513
9. Third party claim lodged against the municipality for employee injured playing municipality sports_ L Senokoane	06/2022-23	11,637
10. Third party claim lodged against the municipality for Tree branch that damaged a vehicle_Ramothlolo.	14/2022-23	49,848
11. Third party claim lodged against the municipality for damage to vehicle _Mangwale	19/2022-23	32,427
12. Third party claim lodged against the municipality for pothole damage_ MMT Mongwale	12/2023-24	116,376
13. Third party claim lodged against the municipality for pothole damage _ J Pretorius	16/2023-24	13,026
14. Third party claim lodged against the municipality for loss of giraffe killed by powerline _ C Schutte	26/2023/24	25,000
15. Third party claim lodged against the municipality for bumping into T/P _ Mr Lebelo	49/2023-24	56,703
16. Third party claim lodged damages against the municipality for driving into a manhole and damage tyre_ SM Serope	55/2023-24	2,000
		3,262,005

APPENDICES

CONTINGENCIES (CONTINUED)

The following are third party claims whose values are not yet ascertainable.

1. Third party claim lodged against the municipality for pothole damage _ L Kekana (27/2020-21)
2. Third party claim lodged against the municipality for pothole damage _ Monewa (41/2021-22)
3. Third party claim lodged against the municipality for falling into a manhole _ B.E Kekana (51/2021-22)
4. Third party claim lodged against the municipality for pothole damage _ Boya (11/2022-23)
5. Third party claim lodged against the municipality for tree branch the fell on vehicle _ Kgatla (15/2022-23)
6. Third party claim lodged against the municipality for tree branch the fell on vehicle _ Mazibuko (21/2022-23)
7. Third party claim lodged against the municipality for pothole damage _ T.S Manganyi (09/2023-24)
8. Third party claim lodged against the municipality for pothole damage _ I.P Mahlangu (21/2023-24)
9. Third party claim lodged against the municipality for pothole damage _ L. Monagane (23/2023-24)
10. Third party claim lodged against the municipality for pothole damage _ S Ngobeni (38/2023-24)
11. Third party claim lodged against the municipality for pothole damage _ S.L Maphoto (50/2023-24)
12. Third party claim lodged against the municipality for pothole damage _ Dr H.J Ngobeni (51/2023-24)

CONTINGENT ASSETS

Litigations is in process and the municipality is a plaintiff in the following cases, should the judgement or ruling be in favour of the municipality, the municipality will be entitled to receive the estimated value of the damages as indicated below. The merits must still be determined and could result in a lesser or greater amount.

APPENDICES

Name of Plaintiff / Defendant and nature of claim	2024	2023
1. MLM has lodged a civil claim Tainama Civils. The matter is currently before the court.	13,000,000	13,000,000
2. MLM has lodged a civil claim against Tainama Civils relating to retention payout. The matter is currently before the court.	5,200,000	5,200,000
	18,200,000	18,200,000

48. Contingencies (continued)

Third Party Claims

Name of Plaintiff / Defendant and nature of claim	Claim no.	2024
1. MLM lodged an insurance claim for vehicle damage	08/2021-22	17,613
2. MLM lodged an insurance claim for property damage_Unknown person.	26/2022-23	844
3. MLM lodged an insurance claim for toilet burst in municipal offices	02/2023-24	74,021
4. MLM lodged an insurance claim for storm damage roof and ceiling at Mapela sitelite	15/2023-24	346,000
5. MLM lodged an insurance claim for stolen money at licensing	19/2023-24	25,032
6. MLM lodged an insurance claim for storm damage roof and stolen items	22/2023-24	405,925
7. MLM lodged an insurance claim for damaged councillor's tablet	39/2023-24	14,500
8. MLM lodged an insurance claim for transformer hit by lightning	48/2023-24	100,000
		983,935

The following are insurance claims whose values are not yet ascertainable

1. MLM lodged an insurance claim for loss of mobile generator _ (19/2021-22)
2. MLM lodged an insurance claim for water pump parts stolen at Mabula _ (21/2021-22)
3. MLM lodged an insurance claim for 20MVA transformer damage _ (57/2021-22)
4. MLM lodged an insurance claim for property damage_Cable stolen _ (07/2022-23)
5. MLM lodged an insurance claim for pump house vandalised at ext 20 sewer ponts (09/2022-23)
6. MLM lodged an insurance claim for muniपाल employee involed in an accident (22/2022-23)
7. MLM lodged an insurance claim for electric poles damaged by fire at electrical workshop (24/2022-23)

APPENDICES

8. MLM lodged an insurance claim for fire damage at cashiers office (03/2023-24)
9. MLM lodged an insurance claim for laptop stolen in a car (05/2023-24)
10. MLM lodged an insurance claim for stolen cable (07/2023-24)
11. MLM lodged an insurance claim for municipal grader involved in an accident (13/2023-24)
12. MLM lodged an insurance claim for storm damaged roof and ceiling at civic centre (14/2023-24)
13. MLM lodged an insurance claim for storm damaged air conditioners (17/2023-24)
14. MLM lodged an insurance claim for storm damaged roof at babirwa library (18/2023-24)
15. MLM lodged an insurance claim for storm damaged roof at main building (20/2023-24)
16. MLM lodged an insurance claim for library palisade fence damaged (25/2023-24)
17. MLM lodged an insurance claim for transformer blew fuses (27/2023-24)
18. MLM lodged an insurance claim for transformer damaged (28/2023-24)
19. MLM lodged an insurance claim for broken windings on a transformer (29/2023-24)
20. MLM lodged an insurance claim for transformer damaged by lightning (30/2023-24)
21. MLM lodged an insurance claim for transformer boiling oil (31/2023-24)
22. MLM lodged an insurance claim for transformer boiling oil (32/2023-24)
23. MLM lodged an insurance claim for transformer over heating (33/2023-24)
24. MLM lodged an insurance claim for damaged internal windings (34/2023-24)
25. MLM lodged an insurance claim for internal winding damaged/blew fuses (35/2023-24)
26. MLM lodged an insurance claim for damage to transformer (36/2023-24)
27. MLM lodged an insurance claim for stolen transformer (36A/2023-24)
28. MLM lodged an insurance claim for transformer damaged (37/2023-24)

APPENDICES

29. MLM lodged an insurance claim for transformer lost middle phase on load - was faulty (40/2023-24)
30. MLM lodged an insurance claim for faulty transormer at makapan (41/2023-24)
31. MLM lodged an insurance claim for transformer fuse burnt due to winding failure (42/2023-24)
32. MLM lodged an insurance claim for transformer damaged - lightning and oil spillage (43/2023-24)
33. MLM lodged an insurance claim for transformer vandalised (44/2023-24)
34. MLM lodged an insurance claim for transformer fuse burnt due to winding failure (45/2023-24)
35. MLM lodged an insurance claim for transformer damaged due to boiling oil (46/2023-24)
36. MLM lodged an insurance claim for transformer hit by lightning (47/2023-24)
37. MLM lodged an insurance claim for pipe burst in offices (52/2023-24)
38. MLM lodged an insurance claim for pump house and transformer vandalised (53/2023-24)
39. MLM lodged an insurance claim for municipal vehicle involved in a car accident (56/2023-24)
40. MLM lodged an insurance claim for broken councillors tablet (57/2023-24)

48. RELATED PARTIES

Relationships

Accounting Officer

Refer to accounting officers' report note

Councillors names

Refer to General Information page for councillors

Close family member of key management

There were no transactions between close family members and key management.

Joint venture of key management

None.

Associate of close family member of key management

None.

49. COMPARATIVE FIGURES

Certain comparative figures have been reclassified. The impact on the reclassifications and restatements is documented on prior period error note.

50. RISK MANAGEMENT FINANCIAL RISK

There have been no changes to what the Municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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.

RISK MANAGEMENT (CONTINUED) LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Cash flow forecasts for the Medium-Term Revenue and Expenditure Framework (MTREF) are prepared in terms of the Municipality Budget and Reporting Regulations (MBRR), and monthly monitoring and returns performed in terms of Section 71 of the MFMA.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. The municipality manages its credit risk through payment of deposits disconnection in case of non-payment.

APPENDICES

Financial assets exposed to credit risk at year end were as follows:

	2024	2023
Financial instrument		
Cash and cash equivalent	12,343,115	40,323,543
Receivables from exchange transactions	162,927,379	179,628,591
Receivables from non-exchange transactions	31,290,066	38,884,629

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

52. Unauthorised expenditure

Opening balance as previously reported	228,160,102	4,246,710,947
Add: Unauthorised expenditure - current	-	228,160,102
Less: Amount approved/condoned/authorised by council	(228,160,102)	(4,246,710,947)
Closing balance	-	228,160,102

The municipality have established the misconduct board as required by National Treasury to investigate the UIF cases.

Investigations were conducted for Unauthorised expenditure, and council approved the investigation report as presented by the Municipal Public Accounts Committee (MPAC).

53. Fruitless and wasteful expenditure

Opening balance as previously reported	21,954,262	55,476,506
Add: Fruitless and wasteful expenditure identified - current	4,010,588	5,169,060
Add: Fruitless and wasteful expenditure identified - prior period	-	2,825,673
Less: Amount written off - current	(11,794,597)	(41,516,977)
Closing balance	14,170,253	21,954,262

APPENDICES

FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The municipality have established the misconduct board as required by National Treasury to investigate the UIF&W cases..

Investigations were conducted for Fruitless and wasteful expenditure, and council approved the investigation report as presented by the Municipal Public Accounts Committee (MPAC).

Details of fruitless and wasteful expenditure

Eskom	2,736,977	2,628,498
Telkom	1,498	3,281
AGSA	48,428	236
Lepelle Nothern Water	178,047	91,346
Municipal Employee Pension Fund	-	5,728
National Fund for Municipal Workers	-	5,671
Municipal Gratuity Fund	-	3,678
Municipal Councillors Pension Fund	-	1,432
Review of Financial Statements	645,380	631,465
Incorrect payment	-	210,724
Potential duplicate work	-	1,587,000
Compensation Commisioner (Coida)	400,257	-
	4,010,587	5,169,059

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of (R11 794 597) from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

54. Irregular expenditure

Opening balance as previously reported	336,374,162	2,833,679,437
Add: Irregular expenditure - current	650,601,579	544,258,166
Less: Amount written off - current	(836,619,092)	(3,041,563,441)

CLOSING BALANCE	150,356,649	336,374,162
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APPENDICES

53. IRREGULAR EXPENDITURE (CONTINUED) AMOUNT

WRITTEN-OFF

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of (R836 619 092.00) from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

CASES UNDER INVESTIGATIONS

The amount of R63 288 443 (Prior periods: R87 068 206) cases related to non-compliance with SCM process and regulations.

55. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

Current year subscription / fee	4,534,131	4,346,824
Amount paid - current year	(4,534,131)	(4,346,824)
	-	-

Audit fees

Current year subscription / fee	10,725,155	10,782,940
Amount paid - current year	(10,685,248)	(10,782,940)
	39,907	-

PAYE, SDL and UIF

Current year subscription / fee	56,890,647	55,995,117
Amount paid - current year	(56,890,647)	(55,995,117)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	58,259,522	58,670,926
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APPENDICES

Amount paid - current year	(58,259,522)	(58,670,926)
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VAT

VAT receivable	56,925,699	53,253,852
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VAT payable	151,638,550	161,034,174
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208,564,249	214,288,026
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

APPENDICES

55. 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:

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Manganyi R.V	7	-	7
	61		61
	7		7
Olifant P.C	45	-	45
	5		5
Tsebe M.A	47	-	47
	7		7
	8	-	8
	54		54
	9		9

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Tsebe M.A	4,500	-	4,500

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

56. Deviation from supply chain management regulations

Supply Chain Management Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by council. The expenses incurred as listed hereunder have been approved.

Deviation recon

Emergency	27 094	4 892
	258	194
Impractical or impossible to follow normal process	3 068 776	3 808
		786
	30 163	8 700
	034	980

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

APPENDICES

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The municipality has procured goods and services to an amount of R30 163 034 (2023 _ R8 700 980) during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulation.

57. Accounting by principals and agents

Details of the arrangement(s) is/are as follows:

The Limpopo Department of Transport and community has an agreement with the Mogalakwena Local municipality which meets the criteria of GRAP 109 for Principal agents.

The agreement is effective 01 April 2021 and ends on the 31 March 2024 where the department must provide greater access of its services to clients throughout the province, the department herein transfers specified registration, licensing, and testing functions to appropriately identified Municipality, who process these functions for and on behalf of the Department.

The Municipality shall be obligated to:

- The department must provide greater access of its services to clients throughout the province,
- The department herein transfers specified registration, licensing and testing functions to appropriately identified Municipality, who process these functions for and on behalf of the department.
- change of particulars of a motor vehicle, issue of temporary or special permit
- licensing of a vehicle in a private person's or legally

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

The agency shall receive a fixed fee of 20% of all monthly revenues collected by the agency in respect of the licensing and registration of motor vehicles as per attached.

The agency shall deposit 80% of the said revenue collected by it on a monthly basis to the Department of Transport's Account on or before the 15th day of each month.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is:

APPENDICES

Commission earned on Traffic Fines

9,794,118

12,219,941

Liabilities and corresponding rights of reimbursement recognised as assets

No outstanding amount is owed by Traffic department relating to Traffic fines.

58. Change in estimate

Property, plant and equipment

The remaining useful lives of all asset classes were adjusted during 2023/2024 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 11 Property plant and equipment. The effect of changing the remaining useful life of assets for the Municipality during 2023/2024 has decreased the depreciation charge for the current by R 4 144 235 and future periods. It is impracticable to estimate the effect of these changes on future periods.

Change in estimate effect	Depreciation 2024 (With RUL Adjustments)	Depreciation 2024 (Without RUL Adjustments)	Effect/impact of adjustments
Land and buildings	4 696 297	4 799 237	(102 940)
Electrical Infrastructure	8 940 273	9 009 875	(63 602)
Community	7 958 006	8 059 580	(101 574)
Roads Infrastructure	24 872 116	28 196 771	(3 324 656)
Sanitation and solid waste infrastructure	4 836 524	4 890 804	(54 280)
Water network	51 343 898	51 468 680	(124 782)
IT Equipment	3 626 498	3 726 527	(100 029)
Furniture and Office equipment	581 954	579 756	2 198
Plant and machinery	2 708 725	2 983 297	(274 571)
	109 564 291	113 714 527	(4 144 236)

APPENDICES

Property, plant and equipment

The remaining useful lives of all asset classes were adjusted during 2023/2024 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 12 Intangible assets. The effect of changing the remaining useful life of assets for the Municipality during 2023/2024 has decreased the depreciation charge for the current by R 83 496 and future periods. It is impracticable to estimate the effect of these changes on future periods.

The impact on tax is...

The impact on the cash flow statement is

Change in estimate effect	2024 (With RUL Adjustments)	Depreciation	Depreciation 2024 (Without RUL Adjustments)	Effect/impact of adjustments
Computer software, other		535,691	619,186	(83,496)

59. Going concern

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

The ability of the municipality to continue as a going concern is dependent on continued grant funding from national and provincial governments.

The below mentioned factors have had a negative impact on the going concern of the entity however they are not adequate to threaten the disturbance of the continuous operations of the municipality.

Key financial ratios are adverse (Debtors' impairment as a percentage of accounts receivables, creditors' payment period, debtors' collection period) due to the decrease in the collection rate as the economy faces a lot of pressure within the jurisdiction of Mokgalakwena Local Municipality.

The poor collection rate has put pressure on the liquidity in the municipality which in turn affects the payment of creditors as they fall due. Despite the pressures, the municipality continues to honour its debt with delay here and there.

Pending legal or regulatory proceedings against the municipality that may, if successful, result in claims against the municipality. In such cases, the municipality like in the past enters arrangements to honour the obligations.

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60. 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

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventory		396,598,889	(49,729,100)	-	346,869,789
Receivables from exchange transactions		174,950,006	(22,391,700)	-	152,558,306
Receivables from non-exchange transactions		27,393,838	(946,059)	-	26,447,779
VAT receivable		54,618,931	(1,365,079)	-	53,253,852
Cash and cash equivalents		40,344,078	(20,535)	-	40,323,543
Property, plant and equipment		4,238,358,956	(1,626,415)	-	4,236,732,541
Intangible assets		1,762,052	(207,119)	-	1,554,933
Investment property		193,791,947	(19,783,105)	-	174,008,842
Payables from exchange transactions		(436,737,609)	-	-	(436,737,609)
VAT payable		(161,015,328)	2,181,730	-	(158,833,598)
Unspent conditional grants receipts		(5,495,422)	846	-	(5,494,576)
Employee benefit obligation - Short term		-	-	(3,468,502)	(3,468,502)
Provisions - Short term		(11,345,418)	-	3,468,502	(7,876,916)
Employee benefit obligation - Long term		-	-	(67,485,071)	(67,485,071)
Provisions - Long term		(117,330,107)	-	67,485,071	(49,845,036)
		4,395,894,813	(93,886,536)	-	4,302,008,277

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		494,351,380	(5,468,062)	(7,374,195)	481,509,123
Other income		3,936,852	-	(16,774)	3,920,078
Government grants and subsidies		817,263,404	(1,246,112)	-	816,017,292
Employee costs		(332,952,725)	(959,895)	-	(333,912,620)
Depreciation and amortisation		(112,269,760)	262,544	-	(112,007,216)
Impairment loss		(30,776,068)	320,838	-	(30,455,230)
Lease rentals on operating lease		(2,078,253)	(198)	(5,143,551)	(7,222,002)
Debt write-off		-	-	(10,942,420)	(10,942,420)

APPENDICES

Repairs and maintenance	(33,135,267)	(28,631)	(7,089,388)	(40,253,287)
Inventory consumed	-	-	(33,603,666)	(33,603,666)
Bulk purchases	(329,846,124)	-	55,132,212	(274,713,912)
Contracted services	(150,399,372)	(1,612,564)	(1,555,937)	(153,567,873)
Debt impairment	(203,695,196)	-	10,942,420	(192,752,776)
Loss on disposal of assets and liabilities	(2,361,192)	(2,151,701)	-	(4,512,893)
Land inventory write-offs	-	-	(573,917)	(573,917)
Inventory losses/write-downs	(3,746,125)	-	573,916	(3,172,207)
Fair value adjustments	(3,954,938)	403,737	-	(3,551,201)
General expenses	(84,924,129)	(9,004,630)	(2,732,497)	(96,661,256)
Deficit for the year	25,412,487	(19,484,674)	(2,383,797)	3,544,017

ERRORS

The following prior period errors adjustments occurred:

1. INVENTORIES

The municipality reviewed the land parcels recorded in the land inventory register following an audit finding that identified land parcels which were not registered in the name of the municipality. Furthermore, the Auditor General also questioned the methodology applied in establishing the net realisable value. Land parcels not registered in the name of the municipality was removed from the land inventory register, while the valuation of the properties revealed an overstatement in prior financial years. The cumulative impact on prior financial years amounts to R214 660 000.

2. RECEIVABLE FROM EXCHANGE TRANSACTIONS

Reversal of the estimated zero billings that were not in line with the AGSA Revenue guidelines with respect to Stuck meters.

3. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Cumulative reversal effect of debtors who had made arrangements in the previous financial year FY2022.

4. VAT RECEIVABLE

APPENDICES

VAT input on the net impact of the correction of cut-off of expenditure.

5. CASH AND CASH EQUIVALENTS

This was due a write-back of dormant petty cash accounts.

6. PROPERTY, PLANT AND EQUIPMENTS

During the physical verification of movable assets we have identified the following errors:

- there were assets included in the fixed asset register that were included erroneously and do not exist;
- there were assets erroneously disposed of that the municipality still utilised in its operations.

Furthermore we identified an error in the calculation of depreciation during the 2023 financial year through reviews of the fixed asset register.

7. INTANGIBLE ASSETS

Due to revision of remaining useful live.

8. INVESTMENT PROPERTY

During the reconciliation of land parcels with title deeds, it came to light that certain land parcels numbers were incorrectly recorded. These land parcels were removed from the Investment Property register, resulting in a prior period adjustment amounting to R9 554 018.

9. PAYABLES FROM EXCHANGE TRANSACTIONS

The decrease was due to a write off of dormant creditors (Trade creditors,retentions and Unclaimed deposits).

10. VAT PAYABLE

Reversal of the VAT impact due to the reversal of zero billing that did not adhere to the revenue guidelines.

11. UNSPENT CONDITIONAL GRANTS RECEIPTS

Correction of the INEP grant that spend in the prior year for work that had been invoicedand needed to be recognised in revenue.

12. EMPLOYEE BENEFIT OBLIGATION (SHORT TERM)

A reclassification between current and non-current grants for the Post employment and Landfill provisions.

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13. PROVISIONS (SHORT TERM)

A reclassification between current and non-current grants for the Post employment and Landfill provisions.

14. EMPLOYEE BENEFIT OBLIGATION (LONG TERM)

This was due to a reversal in the bonus provision because it was overstated and not supported by performance assessments.

15. PROVISIONS (LONG TERM)

This was due to a reversal in the bonus provision because it was overstated and not supported by performance assessments.

16. SERVICE CHARGES

Reversal of the estimated zero billings that were not in line with the AGSA Revenue guidelines with respect to Stuck meters.

17. OTHER INCOME

Correction of mapping in the prior year.

18. GOVERNMENT GRANTS AND SUBSIDIES

Correction of the depreciation and amortisation expenses due to the corrections made in PPE and Intangible assets.

19. EMPLOYEE COSTS

This was due to an alignment of the mSCOA payroll integration with Payday with respect of various categories of benefits that were previously in general expenses.

20. DEPRECIATION AND AMORTISATION

Correction of the depreciation and amortisation expenses due to the corrections made in PPE and Intangible assets.

21. IMPAIRMENT LOSS

During our physical verification and analysis of the immovable assets, we have identified assets previously not recorded and/or correctly classified, which included components which were previously impaired, resulting in a correction of the amount R320 838 for impairment loss

APPENDICES

22. LEASE RENTALS ON OPERATING LEASE

Correction of mapping in the prior year.

23. DEBT WRITE-OFF

Correction of mapping in the prior year.

24. REPAIRS AND MAINTENANCE

Correction of mapping in the prior year.

25. Inventory consumed

Correction of mapping in the prior year.

26. BULK PURCHASES

Correction of mapping in the prior year.

27. CONTRACTED SERVICES

Correction of mapping in the prior year.

28. DEBT IMPAIRMENT

The net effect of a reclassification from the Debt write-off expense to a separate Debt impairment expense.

29. LOSS ON DISPOSAL OF ASSETS

Correction of mapping in the prior year.

30. LAND INVENTORY WRITE-OFFS

Due to revision of remaining useful live.

31. INVENTORY LOSSES/WRITE-DOWNS

These are reclassifications to non-current assets for debt arrangements and re-mappings that occurred.

APPENDICES

32. FAIR VALUE ADJUSTMENTS

The decrease was due to a write off of dormant creditors (Trade creditors,retentions and Unclaimed deposits).

33. General expenses

Reclassification of items that are not contracted services or general expenses.

34. Contingent liabilities (Litigation cases)

Opening balance	60,286,981	54,333,042
Adjustments made	12,000,000	-
Restated opening balance	72,286,981	54,333,042

Adjustment made to opening balance of Contingent Liabilities (Litigation cases) is due to Management identified a new matter for R12,000,000.00 that was included in the litigation register. On investigating the timelines of the matter, it came to management's attention that the matter was in existence in the prior year and had been omitted in the Annual Financial Statements for prior year period 2022/2023.

61. Segment information

60. GENERAL INFORMATION IDENTIFICATION

OF SEGMENTS

The municipality is organised and reports to management on the basis of five major areas: The areas are identified through the services there are rendering to the community. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Segments at Mogalakwena Local Municipality are all the divisions that are directly involved with service potential. Divisions that are not directly involved in service potential, that is, Functional or Support divisions are not identified as separate segments.

Functional or Support divisions are aggregated in the segmental reporting. These divisions include:

- Corporate services.
- Finance.

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- Municipal Manager's Office.

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	Management of parks and buildings
Electrical services	Provision and maintenance of electrical network
Planning and development	Provision of town planning and related services
Technical services	Provision maintenance of water, waste, sanitation and refuse collection services
Traffic and emergency	Community safety, and traffic services

61. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community services	Electrical services	Planning and development	Technical services	Traffic and emergency	Other	Total
Revenue							
Revenue from exchange transactions	31,906,844	320,898,106	438,428	50,795,250	10,047,097	12,792,964	426,878,689
Revenue from non-exchange transactions	1,152,397	10,887,920	-	482,564,495	3,364,538	677,291,649	1,175,260,999
Impairment loss reversal	-	-	-	22,964,866	-	349,547,274	372,512,140
Interest revenue	7,101,954	-	-	42,254,429	-	29,864,692	79,221,075
Total segment revenue	40,161,195	331,786,026	438,428	598,579,040	13,411,635	1,069,496,579	2,053,872,903
Entity's revenue							2,053,872,903
Expenditure							
Bulk purchases	-	298,977,718	-	-	-	-	298,977,718
Contracted services	-	-	132,333	132,333	69,366,276	140,872,657	210,503,599
Debt impairment	2,392,358	-	-	-	-	-	2,392,358
Debt write-off	-	-	-	-	-	131,040,782	131,040,782
Depreciation and amortisation	13,480,548	9,741,298	189,245	83,506,334	909,534	7,575,821	115,402,780
Employee related costs	79,673,619	38,218,578	21,375,632	91,282,651	39,478,745	103,184,299	373,213,524
Impairment loss	-	-	-	-	-	11,069,307	11,069,307
Interest expense	-	-	-	-	-	18,659,465	18,659,465

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Other expenses	53,742,249	12,731,573	2,242,511	68,559,948	3,935,726	115,801,805	257,013,812
Repairs and maintenance	3,860	15,667,562	-	22,410,800	39,982	3,930,426	42,052,630
Remuneration of councillors	-	-	-	-	-	24,808,191	24,808,191
Total segment expenditure	149,292,634	375,336,729	23,939,721	265,892,066	113,730,263	556,942,753	1,485,134,166
Total segmental surplus/(deficit)	(109,131,439)	(43,550,703)	(23,501,293)	332,686,974	(100,318,628)	512,553,826	568,738,737

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	Community services	Electrical services	Planning and development	Technical services	Traffic and emergency	Other	Total
61. Segment information (continued)							
Other information							
Segment assets	181,591,937	167,274,548	164,687,150	4,196,968,150	-	809,893,980	5,520,415,765
Segment liabilities	(76,858,271)	(36,104,681)	-	(80,746,028)	(871)	(570,208,905)	(763,918,756)
Total capital expenditure	141,067,339	130,705,064	163,979,787	3,951,874,004	-	436,504,380	4,824,130,574
Total segment assets	245,801,005	261,874,931	328,666,937	8,068,096,126	(871)	676,189,455	9,580,627,583
Total assets as per Statement of financial Position							9,580,627,583
2023							
	Community services	Electrical services	Planning and development	Technical services	Traffic and emergency	Other	Total
Revenue							
Revenue from exchange transactions	20,077,347	333,570,203	342,352	128,460,306	1,568,194	5,766,528	489,784,930
Revenue from non-exchange transactions	1,162,000	3,753,074	-	273,527,250	12,659,905	633,407,758	924,509,987
Interest revenue	6,777,033	-	-	44,415,930	-	25,186,215	76,379,178
Total segment revenue	28,016,380	337,323,277	342,352	446,403,486	14,228,099	664,360,501	1,490,674,095
Entity's revenue							1,490,674,095

APPENDICES

61. Segment information (continued)

Expenditure

Bulk purchases	-	276,778,140	-	11,341,254	-	126,877	288,246,271
Contracted services	-	97,569	-	1,500,223	57,690,064	95,903,352	155,191,208
Debt impairment	58,841,920	-	9,236,677	10,768,216	-	113,657,526	192,504,339
Debt write-off	-	-	-	-	-	10,942,420	10,942,420
Depreciation and amortisation	10,946,780	9,312,554	86,589	82,002,761	680,065	8,963,749	111,992,498
Employee related costs	74,693,165	34,870,179	342,352	87,175,503	36,251,587	79,700,694	313,033,480
Impairment loss	-	-	-	22,902,032	33,547	5,759,465	28,695,044
Interest expense	-	-	-	-	-	18,253,710	18,253,710
Other expenses	401,428	11,782,985	7,853,700	43,143,980	2,064,961	192,001,770	257,248,824
Repairs and maintenance	1,658	12,495,341	-	20,649,762	29,006	5,454,184	38,629,951
Remuneration of councillors	-	-	-	-	-	13,785,617	13,785,617
Total segment expenditure	144,884,951	345,336,768	17,519,318	279,483,731	96,749,230	544,549,364	1,428,523,362
Total segmental surplus/(deficit)	(116,868,571)	(8,013,491)	(17,176,966)	166,919,755	(82,521,131)	119,811,137	62,150,733

Other information

Segment assets	166,581,173	145,876,662	164,882,650	3,741,415,160	164,882,650	553,185,067	4,936,823,362
Segment liabilities	(69,293,558)	(35,963,408)	-	(85,205,459)	-	(496,235,063)	(686,697,488)
Total capital expenditure	153,595,248	126,467,950	164,273,319	3,559,187,118	-	424,167,951	4,427,691,586
Total segment assets	250,882,863	236,381,204	329,155,969	7,215,396,819	164,882,650	481,117,955	8,677,817,460
Total assets as per Statement of financial Position							8,677,817,460

62. Budget differences

Material differences between budget and actual amounts

60. BUDGET DIFFERENCES (CONTINUED)

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)). 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.

Management considers all differences of 10% or more on budget versus actual as significant. Explanations for variances are provided below for those variances.

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N1 - SALE OF GOODS

Negative variance of 91%. The municipality had anticipated to collect revenue on print out based on the historical trends. The budget also included sale of tenders. The municipality no longer sell tender documents as they are placed on e-tender.

N2 - SERVICES CHARGES

There is a negative variance of 41%. The municipality embarked on revenue collection by introducing an incentive scheme to customers. As a result, meter audit was performed and full meter reading was done on estimated billing. This resulted in reversal of estimates especially in sale of water. The reversals have caused billing on water to be less than anticipated.

N3 - RENDERING OF SERVICES

A negative variance of 37%. This is attributable to entrance fees that the municipality anticipated to collect in the 2023/24 financial year. The municipality's Swimming Pool has been closed for the public access prior to refurbishment. Hence, the negative variance.

N4 - IMPAIRMENT LOSS REVERSAL

During the year, the functionality of a previously impaired Drying Beds and Bioreactors at the Mokopane Waste Water Treatment Works were restored, resulting in the reversal of the previously recorded impairment.

N5 - RENTAL OF FACILITIES AND EQUIPMENT

There is a positive variance of 107%. The rental market has been better than anticipated during the period under review.

N6 - DEBT IMPAIRMENT REVERSALS

The debt impairment reversal is due to a decrease in Accumulated impairment as a result of the downward adjustments to revenue in the current year as interim/estimated billing in prior years was reversed as meters were all read. This had a positive impact on the payment ratio, which is used to impair debtors at the end of the financial year.

N7 - LICENCES AND PERMITS

APPENDICES

There is a negative variance of 21%. The municipality did not perform as anticipated on agency services. Also, challenges were experienced with the Department of Transport in issuing the municipality with face value paper for printing licence permits.

N8 - GAINS ON SALE OF ASSETS

There is a negative variance of 98%. The municipality has not realised gains as anticipated. This is as a result of less Land available for sale.

N9 - INTEREST RECEIVED

Positive variance of 14%. The variance is attributed to interest levied on outstanding debtors. The positive variance is due to more consumers defaulting on their accounts than it was projected.

N10 - INTEREST RECEIVED - PROPERTY RATES

Positive variance of 16%. This is interest charged on outstanding property rate accounts. The amount recognised is more than what was anticipated.

N11 - FINES, PENALTIES AND FORFEITS

There is a negative variance of 15%. The municipality fell short on collection in terms of the planned traffic fines.

N12 - DEPRECIATION AND AMORTISATION

There is a negative variance of 19%. The municipality has conducted an auction in the period under review. Therefore, depreciation is less than the budgeted amount.

N13 - IMPAIRMENT LOSS

The impairment loss variance was due to the unknown happening of unplanned events (damages) that happen to the municipality's property, plant and equipment.

N14 - DEBT WRITE - OFF

APPENDICES

The debt write – off variance was due to incentives granted to customers to entice them to make early settlements on their accounts and improve the municipal liquidity.

N15 - DEBT IMPAIRMENT

The debt impairment has decreased due to the Debt impairment reversals above, Furthermore, the debt impairment and the debt write – offs have been split and disclosed separately.