1.2. 5 FINANCIAL HEALTH OVERVIEW FOR 2021/22

The Municipality has received a payment amounting to R132 Million from Department of Public of Works to settle the government property rates debts.

FINANCIAL OVERVIEW – 2021/2022				
Details	**Original Budget**	**Adjustment Budget**	**Actual**	**Actual performance %**
Property rates	R 50 076 992	R 50 076 992	R 44 418 356	89%
Bank and Investment revenue	R 1 650 000	R 1 650 000	R 3 024 286	183%
Transfers recognised – Operational (Grants)	R 299 807 000	R 319 807 000	R 320 035 314	100%
Refuse Removal	R155 600	R155 600	R150 252	97%
Other revenue	R 49 132 676	R 34 032 676	R 480 905 894	1413%
Sub-Total	**R 400 822 268**	**R 405 722 268**	**R 848 534 102**	**209%**
Less Expenditure	(R 361 275 989)	(R 389 069 892)	(R 356 553 911)	92%
Net Total	R 39 546 279	R 16 651 952	R 491 980 191	2954%

1.2.6 Revenue trend by source including borrowing undertaken by the municipality

The total revenue realized by the Municipality for the financial year 2021/22 is R 910 311 390. The total revenue from exchange transactions is R 9 476 187. The municipality raised this revenue as follows:

- Rental of facilities and equipment : R 106 779
- Licenses & Permits : R 5 376 306
- Other income : R 313 085
- Interest received-investment : R 3 024 286
- Gain on disposal of assets : R 40 350
- Refuse removal : R 150 252
- Actuarial gains : R 465 129

The total revenue from non-exchange transactions stood at R 900 835 203. This revenue was received as follow:

- Property rates : R 44 418 356
- Interest on outstanding debtors : R 38 354 991
- Government grants and subsidies : R 381 812 602
- Reversal of debts impairment loss : R 435 961 804
- Traffic fines : R 287 450
- Donations received – landfill site : R0.00

The bulk of the revenue from non-exchange transactions (R 381 812 602) is the Government grants and subsidies which clearly indicate that we are a grant dependent municipality. This represents **42%** of the municipality's total annual revenue as per the Audited information for the year ended 30 June 2022.

The municipality never borrowed money from any institution or organization during the financial year under review.

1.2.7 Internal Management Changes in respect to s56/57 managers

There are no internal management changes took place in 2021/22 financial year.

Municipal Financial Viability and Management

KPA and Indicator	**Municipal Achievement**	**Municipal Achievement**	**Municipal Achievement**
	2019/20	**2020/21**	**2021/22**
Debt coverage (Total operating revenue –operating grants received)/ debt service payments due within a year	1.10	2.14	4.33
Service debtors to revenue –(Total outstanding service debtors/ revenue received for services)	5.13	6.13	1.05

Cost coverage (Available cash +investments)/ Monthly fixed operating expenditure	0.88	0.58	1.97
The percentage of a Municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the Municipality's integrated development plan	96%	100%	94%

Employees in LED

Job Level	2021/22			
	Posts No.	**Filled Posts**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts)**
0 – 3	0	0	0	0
4 – 6	02	02	0	0
Total	**02**	**02**	**0**	**0**

Year	EPWP Implemented Projects	Jobs created through Incentive grant and infrastructure development projects (EPWP)	Evidence
	No.	**No.**	
2019/20	4	142	Contract registers
2020/21	10	294	Contract registers
2021/22			

Financial Performance for Spatial Planning in 2021/22

Details	2021/22				
	Original Budget	**Adjustment Budget**	**Actual**	**Commi tments**	**Variance to Budget**
Expenditure:	R4 837 020	R4 137 020	R1 429 444	R0.00	R 2 707 576
Employees	R3 978 456	R 3 978 456	R3 815 992	R0.00	R 162 464
Repairs and Maintenance	R0.00	R0.00	R0.00	R0.00	R0.00
Other	R0.00	R0.00	R0.00	R0.00	R0.00

Total Operational Expenditure	**R 8 815 476**	**R 8 115 476**	**R5 245 436**	**R0.00**	**R 2 870 040**

Financial Performance for LED in 2021/2022

Details	2021/22				
	Original Budget	**Adjustment Budget**	**Actual**	**Commitments**	**Variance to Budget**
Expenditure:	R2 500 000	R4 213 050	R1 583 559	R0.00	R2 629 491
Employees	R2 048 403	R2 035 353	R412 639	R0.00	R1 622 714
Repairs and Maintenance	R0.00	R0.00	R0.00	R0.00	R0.00
Other	R0.00	R0.00	R0.00	R0.00	R0.00
Total Operational Expenditure	**R4 548 403**	**R6 248 403**	**R1 996 198**	**R0.00**	**R4 252 205**

(e) Roads; storm water; bridges and building infrastructure

Construction rendered	Amount ('R000')
Access road from Riverside plant to Photo _ 2.3km	R13 993
Contruction of Kome Internal Streets_4.2km	R 18 577
Construction of Lobethal_Tisane Access Road_3.3km	R15 000
Construction of Malegase to Mapulane access road and bridge _3,5Km	R18 375
Construction Mashabela to_Machacha Access Road_10km	R 14 000
Mochadi access road and bridge _ 2.9km	R4 500

(f) MIG Expenditures

The municipality received an amount of R 61 777 288 from MIG during the year ended 30/06/2022 and has spent 100% on the following projects

The percentage of MIG Expenditure for 2021/22 is **100%**.

MIG Reference Nr	Project Description	Project Value R	MIG Value R	Actual MIG Expenditure for 2021/22
PMU	**PMU**	**PMU**	**2,772,577.81**	**2,772,577.81**
N/A	Construction of Manyeleti to Mamone central Internal street(2,6Km)	22,499,213.48	22,499,213.48	3,650,000.00
N/A	Construction of Mochadi road and bridge (2,9 KM)	27,970,547.32	27,970,547.32	4,650,000.00
R/LP/70605/21/23	Construction of Malegase to Mapulane access road and bridge (3,5Km)	29,688,614.00	29,688,614.00	20,506,792.33
R/LP/17668/21/22	Construction of Kome Internal Street (4,2 Km)	30,553,596.15	30,553,596.15	21,364,396.85
R/LP/17669/21/22	Construction of Riverside Water treatment plant to Photo Primary(2,3Km)	22,691,127.15	19,282,799.39	8,833,521.01
		133,403,098.10	132,767,348.15	61,777,288.00

Financial Performance 2021/22: Electricity and housing

Details	**2021/22**			
	Original Budget	**Adjustment Budget**	**Actual**	**Variance to Budget**
Expenditure	R5 000 000	R3 000 000	R1 974 485	R 1 025 515
Employees	R584 965	R 584 965	R 573 918	R 11 047
INEP	R20 000 000	R20 000 000	R 20 000 000	R 0.00
Repairs and Maintenance	R2 200 000	R2 200 000	R 1 499 782	R 700 218
Total Expenditure	**R27 784 965**	**R25 784 965**	**R 24 048 185**	**R1 736 780**

Financial Performance 2021/22: Solid Waste Management Services

Details	Original Budget	Adjustment Budget	Actuals	Variance to Budget
General Expenditure	R62 000	R 62 000	R 270 871	(R 208 871)
Employees	R3 775 319	R 3 808 627	R 2 429 583	R1 379 044
Repairs and Maintenance	R1 050 000	R1 050 000	R0.00	R1 050 000
Contracted Services	R18 909 175	R27 363 762	R 27 969 817	(R 606 055)
Total Expenditure	**R23 796 493**	**R32 284 389**	**R 30 670 271**	**R 1 614 118**

Service Providers Strategic Performance

Section 76(b) of the Municipal Systems Act (MSA) states that KPIs should inform the indicators set for every municipal entity and service provider with whom the Municipality has entered into a service delivery agreement. According to Auditor General of South Africa (AGSA):

a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service;

b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a Municipality; and

c) Service delivery agreement means an agreement between a Municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person either for its own account or on behalf of the Municipality.

Section 121(b) of the MFMA and Section 46 of the MSA further state that a Municipality should include the following related to service providers in its annual report:

- The performance of each service provider;
- A Comparison of the performance with targets set for and performances in the previous financial year; and
- Measures taken to improve performance.

The following is an analysis of products and services procured by the Municipality for R 200 000 and more.

3.9.7 Contract Management

SERVICE PROVIDERS STRATEGIC PERFORMANCE AS AT 30 June 2022

Section 116(2) of the MFMA states that:

The accounting officer of a municipality or municipal entity must -

a) Take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
b) monitor on a monthly basis the performance of the contractor under the contract or agreement
c) establish capacity in the administration of the municipality or municipal entity
d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contract

The table below indicates service providers utilised according to functional areas:

Municipal Manager

Description of service provider	Term Of Contract	Contract Start Date	Contract End Date	Contract Amount	Performance Areas/Service rendered	Performance Rating	Performance comment	Corrective measure
CorpMD Consulting (Pty) Ltd	3 Years	09/10/2020	09/10/2023	Applicable Rates	Provision of Internal Audit Services for a period of Three	Good	Good	N/A

					(03) years.			
Bohlabatsatsi Trading and Projects	3 Years	14/09/2018	13/09/2021	Applicable Rates	Provision of publication and printing services for a period of three (03) years	Good	Good	N/A
Re Basadi (Pty) Ltd	3 Years	16/12/2020	16/12/2023	Applicable Rates	Provision of SMS line Data bundles for a period of three (03) years	Good	Good	N/A

Corporate Services

Description of service provider	Term Of Contract	Contract Start Date	Contract End Date	Extension	Contract Amount	Performance Areas/service rendered	Performance Rating	Performance comment	Corrective measure
Telkom SA	3 Years	01/07/2018	30/06/21	N/A	Applicable Rates	Provision of Telephone Services	Good	Good	N/A

Nonki C Travels	3 Years	09/10/2020	09/10/2023	N/A	Applicable Rates	Provision for travel agency for a period of three(03) years	Good	Good	N/A
Makgahlela Mashaba Attorney	3 Years	14/08/2018	14/08/2021	N/A	Applicable Rates	Provision for Legal Services on defending or instituting civil actions institute by or against the Municipality in both magistrate's court and high court for a period of three (03) years	Good	Good	N/A
Ratale Mashifane Attorneys	3 Years	14/08/2018	13/08/2021	N/A	Applicable Rates	Provision of legal services on labour law litigation for a period of three(03) years	Poor	Poor	Letter of termination issued.

Velaphanda Trading and Projects	3 Years	15/10/2020	15/10/2023	N/A	Applicable Rates	Provision of Photo copying services for a period of Three (03) Years.	Good	Good	N/A
PMH IT Management	3 Years	07/06/2017	06/06/2020	30/09/2020	Applicable Rates	Provision of Maintenance and Support of ICT Systems and Infrastructure for a period of Three (03) Years.	Good	Good	N/A
LCK Technologies	3 Years	15/10/2020	15/10/2023	N/A	Applicable Rates	Provision of maintenance and support of ICT systems	Good	Good	N/A
Open Technology Kingdom Consulting	3 Years	11/09/2020	11/09/2023	N/A	Applicable Rates	Supply, delivery and Installation of ICT Equipments for a period of Three (03) Years.	Good	Good	N/A

Budget and Treasury

Description of service provider	Term Of Contract	Contract Start Date	Contract End Date	Extension	Contract Amount	Performance Areas/service rendered	Performance Rating	Performance comment	Corrective Measure
Landdata	4 Years	30/06/2019	30/06/2023	N/A	Applicable Rates	Provision of Valuation	Good	Good	N/A
Fidelity Cash Solutions pty (ltd)	3 Years	05/11/2020	05/11/2023	N/A	Applicable Rates	Provision of Cash Collection Services	Good	Good	N/A
ABSA Bank	5 Years	01/07/2018	30/06/2023	N/A	Applicable Rates	Provision of Banking services	Good	Good	N/A
Procurement 11	3 Years	14/12/2020	13/12/2023	N/A	Applicable Rates	Provision off Vetting System	Good	Good	N/A
Phasima Trading & Projects	3 Years / 100 000 kms	15/01/2021	15/01/2024	N/A	Applicable Rates	Supply and delivery of Low-bed Truck and maintenance plan for three years	Good	Good	N/A

Jane Furse Tyres pty (ltd) JV Kumbaya 4 Trading Pty (Ltd)	5 Years / 120 000 kms	09/01/2020	09/01/2023	N/A	Applicable Rates	Supply and delivery of Traffic Vehicles	Good	Good	N/A
Phutitau Investment	3 Years	05/03/2020	05/03/2023	N/A	Applicable Rates	Supply and delivery of stationery for a period of Three (03) years.	Good	Good	N/A
Dapevet Construction and Project Management (Pty) Ltd	5 Years / 100 000 kms	07/06/2017	06/06/2022	N/A	Applicable Rates	Supply, registration, licensing and delivery of Waste Compactor Truck with maintenance of 5 years or 100 000 Kilos.	Good	Good	N/A
Bravospan 90 CC	3 Years	01/04/2019	30/03/2022	N/A	**R1 383 538.14**	Provision of Security Services and access control services for a period	Good	Good	N/A

						of three (03) years			
Maximum Profit Recovery (Pty) Ltd	3 Years	12/12/2019	12/12/2021	N/A	Applicable Rates	Provision of Vat Recovery on Behalf of Makhuduthamaga Local Municipality for a period of 36 Months	Good	Good	N/A
Pheladi Chuene Maintenance and Supplies	3 Years	01/09/2020	31/08/2023	N/A	R 513 685.57	provision of cleaning services	Good	Good	N/A

Community Services

Description of service provider	Term Of Contract	Contract Start Date	Contract End Date	Extension	Appointed amount	Performance Areas/service rendered	Performance Rating	Performance comment	Corrective measure
Kgwadi Ya Madiba General Trading and Projects	3 Years	17/11/2017	17/11/2020	17/11/2021	Applicable Rates	Maintenance of Madibong Landfill Site for 3 Years	Good	Good	N/A

Infrastructure Services

Description of service provider	Term Of Contract	Contract Start Date	Contract End Date	Appointed amount	Performance Areas/service rendered	Performance Rating	Performance comment	Corrective measure
Capotex Trading Enterprise	3 Years	12/07/2018	11/07/2021	Applicable Rates	Repairs and Maintenance of all municipal Electrical infrastructure	Good	Good	N/A
Kgwadi Ya Madiba General Trading and Projects	3 Years	12/10/2018	12/10/2021	Applicable Rates	Repairs and Maintenance of Roads and Storm water	Good	Good	N/A
Tshwane Engineering	3 Years	20/03/2020	19/03/2023	Applicable Rates	Repairs and Maintenance of all municipal Building Infrastructure	Good	Good	N/A
Thabang Matlading	3 Years	01/10/2020	30/10/2023	Applicable Rates	Repairs and Maintenance of municipal yellow fleet.	Good	Good	N/A

ECONOMIC Development and Planning

Description of service provider	Term Of Contract	Contract Start Date	Contract End Date	Appointed amount	Performance Areas/ser	Performance Rating	Performance	Corrective

					vice rendered		comm ent	mea sure
Pfukani-Kuisile Consulting	3 Years	01/07/2018	30/06/2021	Applicable Rates	Provision of Land use management for a period of three(03) years	Good	Good	N/A
NT Geomatrics Gauteng cc	3 Years	01/05/2019	31/05/2022	Applicable Rates	Provision of support maintenance for GIS	Good	Good	N/A

Employee Totals Turnover and vacancies				
Employees: Human Resource Services				
Job Level	**2021/22**			
	Posts	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**%**
0 – 3	0 – 3	0	0	0
4 – 6	4 – 6	0	0	0
7 – 9	7 – 9	0	0	0
10 – 12	10 – 12	03	02	01
13 – 15	13 – 15	02	02	0

16 – 18	16 – 18	01	01	0
19 – 20	19 – 20	0	0	0
Total	**Total**	**06**	**05**	**01**

Financial Performance 2021/22: Human Resource Services					
Details	**Original Budget**	**Adjustment Budget**	**Actual**	**Commitments**	**Variance to Budget**
General Expenditure	0	0	0	0	0
Employees	R 2 614 600.18	R 3 114 600.18	R 4 173 166	-	(R 1 058 566)
Repairs and Maintenance	-	-	-	-	-
Contracted Services	R1 310 000.00	R1 310 000.00	R 2 314 177	-	(R 1 004 177)
Total Expenditure	**R 3 924 600.18**	**R 4 424 600.18**	**R 6 487 343**	**-**	**(R 2 062 743)**

Financial Performance 2021/22: ICT Services				
Details	**2021/22**			
	Original Budget	**Adjustment Budget**	**Actual**	**Variance to Budget**
Expenditure:				
Employees	R 2 529 719.84	R 2 529 719.84	R 2 549 110	(R19 390)
Repairs and	R 3 000 000	R 11 890 455.89	R 12 848 632	(R958 176)

Maintenance				
Capital Projects	R 1000 000	R 1000 000	R 2 607 993	(R1 607 993)
Total Expenditure	R 6 529 719.84	R 15 420 175.73	R 18 005 735	(R2 585 559)

COMPONENT D : MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

4.8. Employee related costs

The municipality has spent **R 90 238 056** as salaries for **176** officials. The expenditure is summarised as follows:

Basic : R 50 135 343

Bonus : R 4 238 546

Medical Aid-company contribution : R 5 146 365

UIF : R 357 489

SDL : R 732 440

Leave pay provision charge : R 1 325 300

Pension Contribution : R 9 774 544

Overtime payments : R 1 237 979

Post-employment benefits costs : R 862 000

Car allowance : R 11 378 300

Housing benefits and allowances : R 2 880 904

Bargaining Council : R 20 909

Clothing allowance : R 38 575

Cell phone allowance : R 2 109 362

4.9 Remuneration and allowances of councillors outstanding

The municipality has spent **R 24 322 441** as remuneration for 62 councillors. The remuneration and allowances if political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution of the Republic of South Africa Act 108 of 1996. The expenditure is summarised as follows:

Mayor	: R 936 109
Council Speaker	: R 759 878
Executive Committee members	: R 4 699 833
Other councillors' basic salary	: R 9 883 297
Councillors pension contribution	: R 1 735 152
Travel allowances	: R 3 873 340
Travel claims	: R 27 123
Cell phone allowance	: R 2 091 650
Skill Development Levy (SDL)	: R 134 062
Data cards (62 councillors)	: R 181 997

CHAPTER 5 : FINANCIAL PERFORMANCE

INTRODUCTION

This Chapter contains four components, namely:

- Component A (Statement of Financial Performance),
- Component B (Spending against Capital Budget),
- Component C (Cash flow Management and Investments) and
- Component D (Other Financial Matters).

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Municipality's total original budgeted revenue for the 2021/22 financial year to the amount of **R486 449 267.92** was adjusted to **R 526 099 267.92** which consists of **R 85 915 267.92** from own sources of revenue and **R 385 434 000** from government grants during the first adjustment period in February.

The total actual revenue to date is **R 910 311 390** which makes about **188%** of the total budgeted annual revenue to the amount of **R 486 449 280.**

The Municipality's total budgeted expenditure for the 2021/22 financial year to the amounts of **R 486 449 268** which is made of operational expenditure to the amount of **R 361 275 810** and capital expenditure to the amount of **R 125 173 455**, was adjusted to **R 530 934 706** which is made of operational expenditure to the amount of **R 389 069 720** and capital expenditure to the amount of **R 141 864 986.**

The to-date actual expenditure amounts to **R 849 362 402** for the 2021/22 financial year, reflecting an unauthorized expenditure of **R 362 912 967** as a result of the debt impairment expenditure and other expenditure recognized in the annual financial statement for the 2021/22 financial year as compared to the year to-date budget of **R 486 449 435.**

The municipality's bank balance as at 30 June 2022 was **R 104 971 637**.

The municipality's total actual revenue as at the end of 30 June 2022 amounts to **R 910 311 390** and total actual operational expenditure of **R 849 362 402** translating in to an operational surplus of **R 60 948 980.** Capital expenditure as at the end of 30 June 2022 amounted to **R 45 931 932.**

The following table summarises the overall revenue and expenditure performance as at the end of the 4rd quarter:

N.B. Amounts are in "R000"

Description	**2020/21 Pre-Audi outcome**	**2021/22 YTD Budget**	**2021/22 YTD Actual**	**2021/22 YTD Variance**
Total Operational revenue	432 680	400 822	828 518	(427 696)
Total operational expenditure	(467 765)	(361 276)	(803 430)	(442 154)
Operating Surplus/Deficit	**(35 085)**	**39 546**	**25 088**	**14 458**
Operating Capital transfers and grants	70 953	85 627	81 777	3 850
Net Surplus/Deficit after capital transfers	**35 868**	**125 173**	**106 865**	**18 308**

Budgeted Revenue and Actual Revenue to date

a. The municipality's total actual revenue as at the end of 2021/22 is **R 910 311 390** which amounts to **188%** of the total budgeted annual revenue to the amount of **R 486 449 280.**

b. From the total actual revenue recorded as at the end of 2021/22, **R 381 812 602** is from government grants and transfers and the remaining balance of **R 528 482 708** comes from the own revenue sources.

c. The municipality's overall collection rate is **29,2%** as at the end of 2021/22 when comparing the actual cash received from the different sources of our revenue to the billed revenue to date. The municipality's collection rate was **23.4%** in the prior year ended 30 June 2021. Collection on property rates and interests on outstanding debts are the highest contributors to the poor collection rate and the National Treasury was requested to intervene on the Government properties debts as they contribute the highest percentage to the municipality's debt book.

Budgeted Expenditure and Actual Expenditure to date

a. The municipality incurred a total actual expenditure amounts of **R 849 362 402** as at the end of 2021/22 ending 30 June 2022. This amounts to **175%** of the total annual budgeted expenditure the amount **of R 486 449 435.**

5.1 Operational Expenditure.

a. The total operational expenditure as at the end of the 2021/22 ending 30 June 2022 amounts to **R 803 430 470** which equates to **222%** of the total annual operational budget of **R 361 275 947.**

b. The following table indicates the operational expenditure per standard classification:

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June									
Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue By Source									
Property rates	41,316	50,077	50,077	1,573	44,418	50,077	(5,659)	-11%	50,077
Service charges - refuse revenue	135	156	156	13	150	156	(5)	-3%	156
Rental of facilities and equipment	114	138	138	33	107	138	(32)	-23%	138
Interest earned - external investments	1,653	1,650	1,650	453	3,024	1,650	1,374	83%	1,650
Interest earned - outstanding debtors	40,171	41,873	26,873	771	38,355	41,873	(3,518)	-8%	41,873
Fines, penalties and forfeits	–	155	55	1	287	155	132	85%	155
Transfers and subsidies	344,951	299,807	319,807	181	300,035	299,807	228	0%	299,807
Other revenue	5,774	6,967	6,967	436,334	441,635	6,967	434,669	6239%	6,967
Gains	(1,434)	–	–	505	505	–	505	#DIV/0!	–
Total Revenue (excluding capital transfers and contributions)	**432,680**	**400,822**	**405,722**	**439,863**	**828,518**	**400,822**	**427,696**	**107%**	**400,822**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	70,953	85,627	65,627	25,673	81,777	85,627	(3,850)	(0)	85,627
Total Revenue (Including capital transfers and contributions)	**503,632**	**486,449**	**471,349**	**465,536**	**910,295**	**486,449**	**423,846**	**0**	**486,449**

5.2 Capital Expenditure

a. The total capital expenditure as at the end of 2021/22 amounts to **R 45 931 932** which equates to **37%** of to date budget of **R 125 173 488.**

b. The following table indicates the operational expenditure per vote and function classification:

LIM473 Makhuduthamaga - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June									
Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Capital Expenditure - Functional Classification									
Governance and administration	**52,200**	**3,700**	**16,900**	**19,721**	**32,369**	**3,700**	28,669	775%	**16,900**
Finance and administration	52,200	3,700	16,900	19,721	32,369	3,700	28,669	775%	16,900
Economic and environmental services	**(8,220)**	**121,473**	**124,965**	**(56,992)**	**16,045**	**121,473**	(105,429)	-87%	**124,965**
Planning and development	–	50	50	–	–	50	(50)	-100%	50
Road transport	(8,220)	121,423	124,915	(56,992)	16,045	121,423	(105,379)	-87%	124,915
Trading services	**2,457**	**–**	**–**	**(2,482)**	**(2,482)**	**–**	(2,482)	#DIV/0!	**–**
Waste management	2,457	–	–	(2,482)	(2,482)	–	(2,482)	#DIV/0!	–
Total Capital Expenditure - Functional Classification	**46,437**	**125,173**	**141,865**	**(39,753)**	**45,932**	**125,173**	**(79,242)**	**-63%**	**141,865**
Funded by:									
National Government	(1,311)	85,627	94,974	(38,382)	20,464	80,925	(60,462)	-75%	94,974
Transfers recognised - capital	**(1,311)**	**85,627**	**94,974**	**(38,382)**	**20,464**	**80,925**	**(60,462)**	**-75%**	**94,974**
Internally generated funds	47,747	44,248	46,891	(1,371)	25,468	44,248	(18,780)	-42%	46,891
Total Capital Funding	**46,437**	**129,875**	**141,865**	**(39,753)**	**45,932**	**125,173**	**(79,242)**	**-63%**	**141,865**

5.3 Grants expenditure.

a. The following table shows the expenditure as at the end of 2021/22 per grant:

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	**–**	**319,807**	**319,807**	**41,828**	**290,252**	**319,807**	**(29,555)**	**-9.2%**	**319,807**
Local Government Equitable Share		296,332	296,332	26,400	266,777	296,332	(29,555)	-10.0%	296,332
Finance Management		1,650	1,650	36	1,650	1,650	–		1,650
EPWP Incentive		1,825	1,825	–	1,825	1,825	–		1,825
Integrated National Electrification Programme		20,000	20,000	15,391	20,000	20,000	–		20,000
Total operating expenditure of Transfers and Grants:	**–**	**319,807**	**319,807**	**41,828**	**290,252**	**319,807**	**(29,555)**	**-9.2%**	**319,807**
Capital expenditure of Transfers and Grants									
National Government:	–	65,627	65,627	5,536	61,777	61,777	–		61,777
Municipal Infrastructure Grant (MIG)		65,627	61,777	5,536	61,777	61,777	–		61,777
Total capital expenditure of Transfers and Grants	**–**	**65,627**	**65,627**	**5,536**	**61,777**	**61,777**	**–**		**61,777**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**–**	**385,434**	**385,434**	**47,364**	**352,029**	**381,584**	**(29,555)**	**-7.7%**	**381,584**

a. The municipality's spending per conditional grant is as follows as at the end of the financial year:

Conditional Grant details	**Received %**	**Spending %**
FMG	100%	100%
EPWP	100%	100%
MIG	100%	100%

5.4 ASSET MANAGEMENT

The municipality has approved Assets management policy which govern the utilisation of the municipal assets to ensure that they effectively and efficiently contribute to the service delivery to the communities. The municipality maintains an Asset Register which updated monthly and quarterly assets physical verifications are conducted by the Assets management unit within the Budget and Treasury Office.

The assets verification reports are used to update the repairs and maintenance plan which the main purpose is to ensure that the municipal assets are always in good conditions for service delivery and to prolong the life span of the assets. All assets of the municipality except the roads and infrastructure assets are insured and all vehicles of the municipality are monitored through reputable tracking devices.

The Assets management division is within the Budget and Treasury Office and have two accountants, two officers and led by Manager – Assets. All Assets management staff have completed the minimum competency assessment successfully and are capacitated through regular trainings.

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1. Calculation and analysis of the municipality's financial ratios.

The municipality considered the following ratios as part of assessing the going concern status of the municipality as at 30 June 2022 in terms of GRAP1; 27-30:

5.5.2 Going concern and Liquidity ratios.

- **Going concern**
  a. After the assessment of the key factors to the going concern of the municipality, it is assumed and concluded that the municipality shall continue operating as a Going Concern and the 2021/22 financial report and the Annual Financial Statements for the year ending 30 June 2022 shall be prepared and presented on a going concern basis.

- **Liquidity ratios**

a. Current ration

Current Assets/Current Liabilities (Norm is 2:1)

2022	2021
R 133 102: R 45 932 2.9:1	R 118.217: R 54.499 46.1:1

This ratio measures the Municipality's ability to pay its short-term debt with liquid assets, which are assets easily converted in to cash. The above ratio indicates a current ratio of **2.9.1** that may suggest that the municipality's liquid assets are not easily convertible into cash to can covers the current liabilities as & when they become due by the 30th of June 2022.

b. Debt ratio

Total Liabilities/Total Assets

2022	2021
R 73 098: R 465 312 1 : 6.37	R 75.935: R 434.106 1 : 5.7

This ratio measure how much the municipality's total liabilities are covered by the total assets the results of which measures the solvency of the municipality. The results above show that the municipality is solvent as the total creditors are covered more than nine times by the total assets which improves from **6.37** in the prior year ended 30 June 2022.

c. Net Operating surplus margin.

NORM: Equal to or greater than zero

(Total Operating revenue – Total Operating expenditure)/Total Operating revenue x 100

2022	2021

(R 515 492 –R 354 598)/ R 515 492 **=31%**	(R 427 373 – R 317 290)/ 427 373 x 100 **= 26%**

i. The Ratio assesses the extent to which the Municipality generates Operating Surpluses. The above ratio indicates that the municipality reported a net surplus of **31%** for the period ended 30 June 2022.

d. **Collection rate.**

NORM: 95%

Formula

= Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100)

2022	2021
(R 546 510 + R 85 261) – R 374 764 – R 111 256)/R 85 261 =170.9%	((R472 757 + R 41 533) – (R513 384 – R0)/R 41 533 = 23.4%

The Ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. In addition, in order to determine the real collection rate bad debts written-off is taken into consideration.

The municipality's collection rate is very low as compared to the norm of 95% as per MFMA circular No. 71. However it must be noted that the municipality fund more than 80% of its expenditure through Government

Grants, and there have not been any indication that the municipality will not be receiving the grants in the foreseeable future.

The revenue billed from customers, is used to fund mostly the non-cash expenditure items such as depreciation and impairments when preparing the MTREF budget for the municipality to guard against the cash flow risk in cases of poor collection.

The municipality has appointed a firm of debt collectors to assist the municipality in collecting all the outstanding amounts from the local businesses while CoGHSTA through Inter governmental debt forum is assisting the municipality to collecting the outstanding debts owed by government departments. A follow up letter was written to the National Treasury for intervention on the property rates outstanding debts of the Limpopo provincial government and to date no response was received.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 Capital Expenditure

c. The total capital expenditure as at the end of 2021/22 amounts to **R 95 715 734** which equates to **62%** of to date budget of **R 154 361 127.**
d. The following table indicates the operational expenditure per vote and function classification:

June									
Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Capital Expenditure - Functional Classification									
Governance and administration	52,200	3,700	16,900	19,721	32,369	3,700	28,669	775%	16,900
Finance and administration	52,200	3,700	16,900	19,721	32,369	3,700	28,669	775%	16,900
Economic and environmental services	(8,220)	121,473	124,965	(56,992)	16,045	121,473	(105,429)	-87%	124,965
Planning and development	–	50	50	–	–	50	(50)	-100%	50
Road transport	(8,220)	121,423	124,915	(56,992)	16,045	121,423	(105,379)	-87%	124,915
Trading services	2,457	–	–	(2,482)	(2,482)	–	(2,482)	#DIV/0!	–
Waste management	2,457	–	–	(2,482)	(2,482)	–	(2,482)	#DIV/0!	–
Total Capital Expenditure - Functional Classifica	46,437	125,173	141,865	(39,753)	45,932	125,173	(79,242)	-63%	141,865
Funded by:									
National Government	(1,311)	85,627	94,974	(38,382)	20,464	80,925	(60,462)	-75%	94,974
Internally generated funds	47,747	44,248	46,891	(1,371)	25,468	44,248	(18,780)	-42%	46,891
Total Capital Funding	46,437	129,875	141,865	(39,753)	45,932	125,173	(79,242)	-63%	141,865

5.7 Source of Finance

The municipal finance was sources from:

i) Local Government Equitable Shares

ii) Finance Management Grant

iii) Expanded Publics Works Program

iv) Municipal Infrastructure Grant

v) Municipal Disaster Management Grant

5.8 Capital Spending on 5 Largest Projects

PROJECT NAME	EXPENDITURE (R'000)
5.3 km Stocking internal road	R 23 787
4 km Marishane Phaahla internal streets	R21 209
Mashabela to Mphanama access road	R16 902
Ga-Mampane access road	R11 402
Kome access road	R7 991

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality will have to cut expenditures to ensure that, the approved budget is within the available resources and reliably estimated cash flows going forward to avoid a net decrease in cash.

5. 9 Cash Flow

5.9.1 Analysis of Future cash flow projections and cash flow assumptions.

The following table indicates the cash flow forecasts for the next three financial years in terms of MBRR and MFMA which shows a favourable closing cash balances for each financial year:

LIM473 Makhuduthamaga - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	–	19,970	160,545		145,939	19,970	125,969	631%	19,970
Service charges	–	156	56	–	–	156	(156)	-100%	156
Other revenue	–	7,105	30,856	–	5,675	7,105	(1,430)	-20%	7,105
Transfers and Subsidies - Operational	–	319,807	319,807	–	320,035	319,807	228	0%	319,807
Transfers and Subsidies - Capital	–	65,627	65,627	–	61,777	65,627	(3,850)	-6%	65,627
Interest	–	–	1,650	–	2,693	–	2,693	#DIV/0!	–
Payments									
Suppliers and employees	646	(281,504)	(339,511)	–	(396,923)	(281,504)	115,419	-41%	(281,504)
Transfers and Grants	–	(5,200)	(7,200)	–	(2,654)	–	2,654	#DIV/0!	(5,200)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**646**	**125,961**	**231,830**	**–**	**136,543**	**131,161**	**(5,382)**	**-4%**	**125,961**
CASH FLOWS FROM INVESTING ACTIVITIES									
Capital assets	529,081	(125,173)	(141,865)	39,753	(45,932)	(125,173)	(79,242)	63%	(125,173)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**529,081**	**(125,173)**	**(141,865)**	**39,753**	**(45,932)**	**(125,173)**	**(79,242)**	**63%**	**(125,173)**
CASH FLOWS FROM FINANCING ACTIVITIES									
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
NET INCREASE/ (DECREASE) IN CASH HELD	**529,728**	**787**	**89,965**	**39,753**	**90,611**	**5,987**	**84,624**	1413%	**787**
Cash/cash equivalents at beginning:	–	104,325	14,360	93,722	14,360	14,360	–		14,360
Cash/cash equivalents at month/year end:	529,728	105,112	104,325	133,475	104,971	20,347	84,624	416%	15,147

EC139 Enoch Mgijima - Table B7 Adjustments Budget Cash Flows -												
		Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
Description	Ref	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		19,970	–					140,575	140,575	160,545	41,263	47,350
Service charges		156	–					(100)	(100)	56	240	350
Other revenue		7,105	–					23,751	23,751	30,856	35,930	39,335
Transfers and Subsidies - Operational	1	319,807	–					–	–	319,807	311,969	303,538
Transfers and Subsidies - Capital	1	65,627	–					–	–	65,627	70,915	74,072
Interest		1,650	–					–	–	1,650	1,800	1,910
Dividends		–	–					–	–	–	–	–
Payments												
Suppliers and employees		(281,504)	–					(65,207)	(65,207)	(346,711)	(307,182)	(311,692)
Finance charges		–	–					–	–	–	–	–
Transfers and Grants	1	(5,200)	–					5,200	5,200	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**127,611**	**–**	**–**	**–**	**–**	**–**	**104,219**	**104,219**	**231,830**	**154,935**	**154,863**
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		–	–					–	–	–	–	–
Decrease (increase) in non-current receivables		–	–					–	–	–	–	–
Decrease (increase) in non-current investments		–	–					–	–	–	–	–
Payments												
Capital assets		(125,173)	–					(16,692)	(16,692)	(141,865)	(120,150)	(85,905)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(125,173)**	**–**	**–**	**–**	**–**	**–**	**(16,692)**	**(16,692)**	**(141,865)**	**(120,150)**	**(85,905)**
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		–	–					–	–	–	–	–
Borrowing long term/refinancing		–	–					–	–	–	–	–
Increase (decrease) in consumer deposits		–	–					–	–	–	–	–
Payments												
Repayment of borrowing		–	–					–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**2,437**	**–**	**–**	**–**	**–**	**–**	**87,527**	**87,527**	**89,965**	**34,785**	**68,958**
Cash/cash equivalents at the year begin:	2	49,112	–					(34,752)	(34,752)	14,360	14,791	15,087
Cash/cash equivalents at the year end:	2	51,549	–	–	–	–	–	52,776	52,776	104,325	49,577	84,045

The 2021/22 MTREF provide for a net increase in cash of R 90 million for the 2021/22 financial year, net increase of R 34.8 million in 2022/23 and net increase in cash R 69 million in 2023/24 resulting from the cash recovered from SARS that is not committed to fund any expenditure as per the approved budget.

5.9.2. Cash flow assumptions

a. Assumption for projected revenue

Property rates - R 50 million will be received in 2021/22 financial year and increases to R 51.6 million by 2022/23 financial year. The municipality collected R 145.9 million in the current year ended 30 June 2022 and confident that the projections for the MTREF are realistic based on the current collection rate on Property rates.

Other Income - R 26.5 million will be received from other income which consists mainly of VAT recovery for capital expenditure and other contracted services for operational purposes. VAT recovery collection is R 20.8 million as at 30 June 2022.

Transfers from National government - Projected to be received at 100%. There has not been any indication that National Treasury will withdraw any of the gazetted grants allocated for the municipality for the 2020/21 MTREF.

Trade and other payables – Projected to be paid within 30 days of receiving the invoice in the ordinary course of business.

Capital and Operational expenditure – Projected to be spent above 95% taking in to account commitments and payables as at 30 June 2022.

b. Basis for the assumptions and management future plans on cash flow management.

i. The cash flow projections for Property rates were calculated based on the historical trends on property rates collection rate. The municipality has signed payment agreements with certain local business and are currently paying on a monthly basis. A debt collector has also been contracted to assist the municipality in enforcing the credit control policy of the municipality to improve collection on property rates.

ii. The municipality always strive to comply with all reporting requirements by National Treasury and other transferring departments for grants and therefore, it is not expected that any part of the grants allocated to the municipality as per the DoRA published in 2020 will be withheld. Therefore, the grants are expected to be received at 100% as budgeted for in the 2021/22 MTREF.

iii. Management of the municipality has resolved to procure goods and services for operational expenses using termed contracts to solve the challenges of delays in Supply Chain Processes which affects service delivery and budgeted expenditure negatively. Therefore, it is assumed that the municipality will be able to spend over 95% of its operational expenditure by year end.

iv. The consultants for capital projects are appointed a year before construction is expected to start to complete the designs for the projects on time. Contractors for all capital projects implemented during 2021/22 financial year, have been appointed already, which allows them enough time to complete the projects targets within the planned financial year. Other factors such as Natural factors and strikes were considered in making the assumption that, the projects will be completed by the end of the 2021/22 financial year. It is therefore assumed that the capital expenditure as per the budget will be spent above 95% by year end.

5.10 BORROWING AND INVESTMENTS

The municipality did not have any borrowings for the year ended 30 June 2022. The municipality did not make any investment during the year ended 30 June 2022. The interests earned was for the positive bank balance throughout the year.

5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not enter into any Public Private Partnership agreements during and before the year ended 30 June 2022.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

a. Section 6.3 of the Supply chain management Policy" The Accounting Officer must, within 10 working days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive committee"
b. Section 6.4 of the Supply Chain Management Policy" The reports must be made public in accordance with section 21A of the Municipal Systems Act".

1. Adoption of SCM Policy
   The Council has adopted an SCM policy in terms of SCM regulation 3

2. Staff Employed In SCM unit
   The unit comprise of Six filled posts and no vacant post. SCM Baseline survey completed and sent to National Treasury.

3. Job descriptions
   The posts have job descriptions

4. Implementation Plan for SCM

Detailed Procurement Plan has been developed and approved by the municipal manager. The plan is implemented.

5. Performance of Vendors
   Performance of vendors performed regularly by the Contract management officer in consultation with the user department.

6. Monitoring of SCM Policy
   SCM processes are independently monitored to ensure the SCM policy is followed and desired objectives are achieved

7. Threshold values
   Threshold values contained in the SCM Policy are aligned with the values stipulated in regulation 12.

8. Municipal bid documents
   Municipal bid documents include evaluation criteria for use by the bid evaluation and adjudication committees. The documents made available for at least three days before the compulsory briefing date (if applicable).

9. Code of Conduct
   All SCM Officials and Bid committee members have signed a Code of Conduct.

10. Invitations for bids.
    All invitations for bids above R30 000 are advertised for at least 7 days on the website and official notice board (reg. 18(a)).

11. In addition, all invitations for competitive bids are publically advertised
    All invitations for competitive bids are publically advertised in newspapers commonly circulating locally (reg. 22(1))

12. Training strategy for SCM practitioners
    - Training strategy for SCM practitioners has been developed through corporate Services.
    - SCM officials have completed a minimum requirement level (MFMP).

13. Bid Specification Committee.
    Bid Specification Committee membership comply with regulation 27.

14. Bid Evaluation Committee
    Bid Evaluation Committee membership comply with regulation 28.

15. Bid Adjudication Committee membership comply with regulation 29
Bid Adjudication Committee membership comply with regulation 29

16. Regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee
Regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee, has never been breached.

17. Circular 82 approved by council and implemented.
18. Municipal Cost containment policy developed and awaiting council approval.

5.13 GRAP COMPLIANCE

The municipality is currently implementing the Municipal Standard Chart of Account which is aligned to both the requirements of the MBRR and the GRAP Standards to ensure fair presentation of the municipality's financial information in the Annual Financial Statements and to ensure accountability by those charged with the responsibilities to manage and govern the municipality.

The municipality's Annual Financial Statements for the year ended 30 June 2022 are GRAP compliant and the municipality has received an Unqualified Audit Opinion from The Auditor General of South Africa for the said financial year.

The Budget and Treasury Office has the CFO and managers who possess the minimum competency requirements for financial management officials and are regularly capacitated on GRAP compliance through annual trainings at institutions of higher learning and those offered by SALGA and CIGFARO.

CHAPTER 6 – AUDITOR GENERAL OF SOUTH FRICA AUDIT FINDINGS

6.1 AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

6.1.1 Auditor General of South Africa summary of findings for prior Year 2020/2021

Auditor-General Report on Financial Performance: Year – 2020/2021

Audit Report Status*:	Unqualified
Non-Compliance Issues	**Remedial Action Taken**
Non Compliance with section 112 of the MFMA resulting in irregular expenditures	Create and implement SCM regulations compliance checklist for all procurements and the checklist must be signed off by the chairperson of the adjudication committee and the Municipal Manager before appointments are made to ensure full compliance
	Report the Irregular expenditure to council for investigations and implement the council resolutions regarding the investigated irregular expenditure.
Unauthorised expenditure	Lock the Budget module in the financial system to reject all expenditure request exceeding the available budget
Provision for debt impairment incorrectly calculated	Recalculate the debt impairment using the accurate information and prepare monthly reconciliations for impairment.

6.1.2 Auditor General of South Africa summary of findings Prior Year 2020/2021

Auditor-General Report on Service Delivery Performance: Year -2020/21	
Audit Report Status:	**Unqualified**
Non-Compliance Issues	**Remedial Action Taken**
Indicators not measurable	Review the SDBIP and IDP to correct the Measurable objectives and Indicators to be SMART.

6.2 FINDINGS AND ACTION PLAN

1.2.1 AUDITOR GENERAL's Findings

Auditor-General Report on Service Delivery Performance: Year -2021/22	
Audit Report Status:	**Unqualified**
Non-Compliance Issues	**Remedial Action Taken**
Material Misstatement were identified on Bad debts written off, Debt impairment, Provision for impairment, Revenue from non-exchanged transactions, Irregular expenditure, unauthorised expenditure, Prior period errors, Statement	Review the compliance checklist for all procurements and the implementation of the SCM regulations to ensure non-occurrence of the finding. Recalculate the debt impairment using the accurate information and prepare monthly reconciliations for impairment.

of comparison of budget and actual amounts and Property, plant and equipment.	Report the Irregular expenditure to council for investigations and implement the council resolutions regarding the investigated irregular expenditure. To review AFS disclosure notes to ensure completeness of the disclosure notes.

Auditor-General Report on Service Delivery Performance: Year 2021/2022	
Status of audit report:**	Qualified
Non Compliance Issues	**Remedial Action taken**
AGSA identified material misstatements in the annual performance report: these material misstatement were on the reported performance information on KPA 2:Basic service delivery and infrastructure development	Review the measuring indicators in the SDBIP to ensure they clearly address the objective we want to achieve.