



Msukaligwa Local Municipality



2021/2022 Annual Report

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Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



I take great pleasure in introducing this Annual Report for the 2021/2022 financial year. This Annual Report highlights the achievements and challenges experienced by our municipality for the year under review. The municipality is committed in serving the community with excellence and good governance and shall make sure that decisions are taken in the best interest of the people of Msukaligwa Local Municipality.

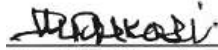
It is evident that continued effort must be placed at the centre of maintaining and improving existing performance in all areas of serving our people. Every effort must be made to maintain a culture of service delivery and to maintain and enhance sound fiscal and administrative functioning at all costs.

Msukaligwa Local Municipality has over the period under review experience a stable political environment which has led to an anchored administration that enables service delivery to be discharged effectively and efficiently to our citizens. Over and above this, the municipality seeks to attain local economic growth, alleviate poverty and eradicate all forms of corrupt elements within its ranks through ensuring clean governance to better and improve the lives of the society by coordinating sustainable socio-economic developmental programmes to achieve the institutional outcomes as outlined in the IDP and SDBIP. In its strategic planning session, the municipality adopted and currently implementing the Individual Performance Management System (IPMS) to promote a culture of performance management among political structures, office bearers, councillors and its administration to promote accountability and integrity in upholding our oath of services to the people based on the Batho Pele principles.

The District Development Model (DDM) has been adopted and in full swing in our institution and an all-of-government approach to improve integrated planning and delivery of services across the three spheres of government with district as focal points of government and private sector investment is being implemented. The DDM is aimed at facilitating integrated planning, delivery and monitoring of Government’s development programmes through the concept of a joint “One Plan”. Moreover, the municipality has established monitoring and evaluation mechanisms to improve the Audit report from the Auditor-General of South Africa which indicates a financially qualified opinion with findings, which means that the municipality’s financial statements contained material misstatements that were not corrected before the financial statements were published and to ameliorate the Provincial intervention in terms of Section 139 (1) (a) of the Constitution of the Republic of South Africa to promote good governance.

Public participation must be embedded on all municipal activities, approaches and policies to promulgate good governance as enshrined in the Municipal Systems Act, 2000 (Act 32 of 2000). Both the political and administrative leadership should ensure that communities are involved in municipal policies, planning and any decision that affects them. To enhance public participation, ward committees were established and are operational. Consultative meetings are convened as required with a wide range of stakeholders and municipal website and social media accounts are revamped to cover the broader spectrum of society.

In conclusion, the municipality shall continue to effectively prioritise service delivery as a **“Beacon of Service Excellence”**. The municipality shall continue to deliver services to our people regardless of the challenges we face in our daily operations. We remain encouraged by our valued commitment, innovation, courage and resilience to deliver services to the entire community of Msukaligwa.



Cllr M P Nkosi
Executive Mayor

MUNICIPAL MANAGER'S OVERVIEW



This Annual Report reflects on the performance of Msukaligwa Municipality for the 2021/22 financial year. The year under review has proven to be one more challenging than previous years as we were all still dealing with the aftereffects of COVID-19, slow economic growth, decline in revenue collection. The 2021/22 Annual Report details the many highlights, milestones and lessons learned over the last 12 months. Despite these challenges Msukaligwa Municipality continued to supply basic services to all its residents, customers and businesses. This report records the progress made by the Municipality in fulfilling its objectives as reflected in the IDP, the Budget and the Service Delivery and Budget Implementation Plan. It also reflects on challenges and priorities for the 2021/2022 financial year.

The municipality has managed to maintain its qualified audit opinion which therefore require us to put more effort on the areas we have not done well so we can achieve much better audit opinion. It was therefore upon us that we continue to ensure that we put our systems in order so we do not regress but improve on our performance. The findings therefore form the basis of our future planning and deployment of necessary resources to achieve improved audit opinion.

As in the previous financial year, we continue to experience challenges which amongst others include distribution losses and cash flow problems that is having a significant impact on service delivery and maintenance of our services infrastructure while also trying our best to deal with the Eskom debt. On a positive side the municipality has managed to implement most of the much-needed community projects to address the service delivery backlog. It should however be taken into cognizance that our projects are funded from the Municipal Infrastructure Grant (MIG), the Department of Energy - Integrated National Electrification Programme, District Municipality and other funding sources.

We received a total amount from MIG (R55 683 000.00), INEP (R10 000 000 .00), WSIG (R40 000 000.00) from which water, sanitation and roads upgrading projects and other projects had been implemented. The while financial position of the municipality continued to be under severe pressure as it was in the previous financial year where the municipality became dependent on the equitable share allocation. Considering the liquidity of the municipality, it is evident that the municipality may in future struggle to finance its short-term liabilities should drastic steps not be taken on the implementation of strategies to increase its revenue streams.

Allow me once again to thank everyone who had contributed on an effort to take this municipality forward and rest assured your contributions had not gone unnoticed.



M Kunene
Municipal Manager

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1.1. INTRODUCTION TO BACKGROUND DATA

The municipality performs its functions in terms of Section 152 and 153 of the Constitution of the Republic of South Africa, Act 108 of 1996. In addition to these provisions, Schedule 4, Part B of the Constitution further provides for the functional areas of the local municipality and for the municipality to render such services. However, it should be borne in mind that some of the functions may not be applicable to this municipality as some are rendered by the District Municipality since the municipality does not have capacity to render those services. Those services that are not rendered by this municipality are indicated in this document.

Improving the lives of the citizens of the municipality through the provision of improved service delivery remains at the centre of the municipal priorities hence the municipality has through the District, conditional grants and other funding mechanisms extended its services to rural/farms communities by providing water through boreholes and water tankers, sanitation and electricity. To date, the majority of farm settlements have access to basic water, sanitation through VIP toilets and electricity though challenges are experienced in some areas where water boreholes get dry. As a result of limited resources, there are some areas that still need services provision at rural/farm area, which the municipality is giving attention to.

All urban areas within the municipality have access to running water, which includes informal settlements areas where water is provided through communal taps. The municipality has met the millennium target of eradicating the bucket system in all its towns with the exception of informal settlements where pit latrines are still used. In dealing with the informal settlements, the municipality has plans in place to relocate those settlements where in-situ development is not possible and developed those that could be developed.

T 1.2.1

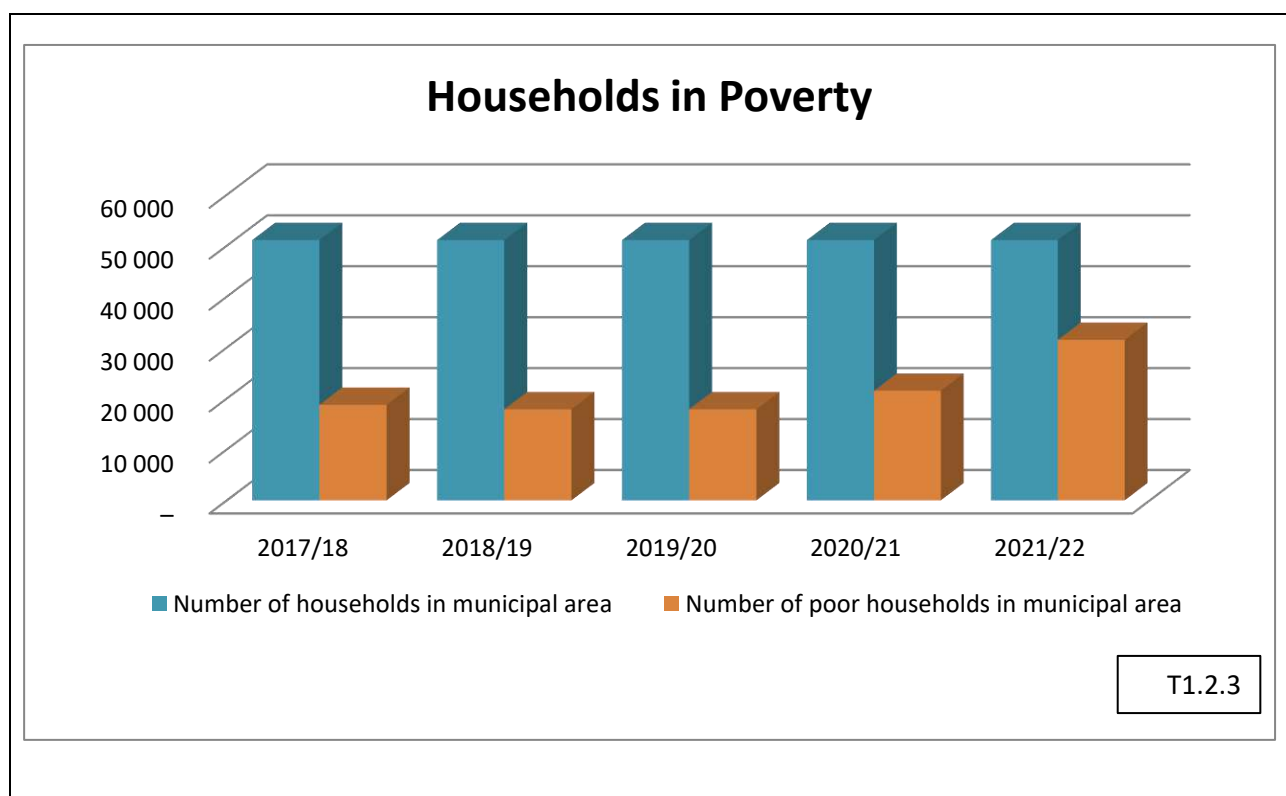
1.1.2. MUNICIPAL DEMOGRAPHICS

Msukaligwa population dynamics is based on statistics derived from *Statistics South Africa* 2011 to 2016 community survey. *Statistics South Africa* data had been used for the demographics and where data could not be derived from Statistics South Africa, other sources had been used. The population of Msukaligwa grew by 15 231 persons during the period 2011 to 2016 at an average annual growth of 2.2%. It is estimated based on the historic growth rate that municipality would have reached a total of 223 236 persons by 2030. Considering these estimates, these imply that the municipality must be prepared to provide necessary services infrastructure to accommodate the growing population.

As for households, the municipality has seen a significant increase in households from 40 932 to 51 089 being an increase of 10 157 households between 2011 and 2016. Although there has been an increase in households, there was a decline in household size from 3.6 to 3.2 in 2016.

Population Details						
Age Groups	2011			2016 (Community Survey)		
	Male	Female	Total	Male	Female	Total
0-4	8,301	8,273	16,574	8818	8886	17704
5-9	7,590	7,271	14,861	7433	7109	14542
10-14	7,030	6,944	13,974	6774	6741	13515
15-19	7,532	7,542	15,074	7860	7904	15764
20-24	8,089	7,908	15,997	8853	8933	17786
25-29	7,969	7,520	15,489	9461	9600	19061
30-34	5,829	5,359	11,188	8155	7017	15172
35-39	4,794	4,741	9,535	6117	5843	11960
40-44	4,125	4,191	8,316	4823	4551	9374
45-49	3,427	3,921	7,348	3775	3567	7342
50-54	3,001	3,238	6,239	2942	3151	6093
55-59	2,417	2,673	5,090	2847	2727	5574
60-64	1,656	1,970	3,626	1815	2102	3917
65-69	969	1,192	2,161	1360	1496	2856
70-74	649	1,082	1,731	788	1331	2119
75-79	365	638	1,003	301	589	890
80+	370	801	1,171	319	620	939
TOTAL	74,113	75,264	149,377	82442	82166	164608

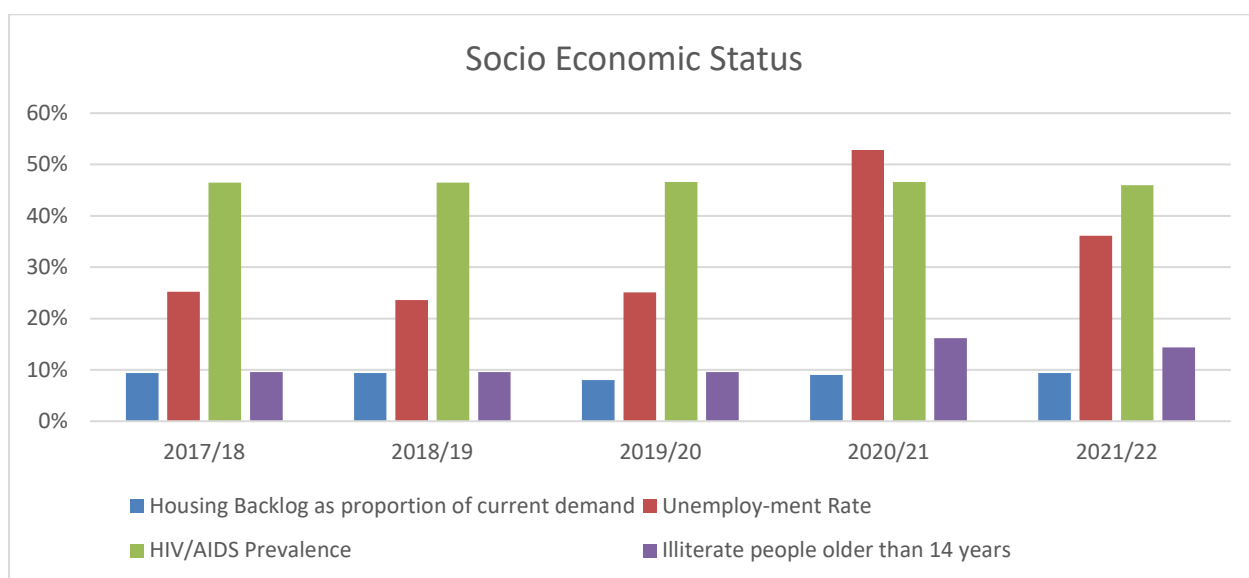
Source: Statistics South Africa, 2016 Community Survey



Source: Dept. of Economic Development and Tourism – SERO Report, December 2020

Socio Economic Status (as a %)				
Year	Housing Backlog as proportion of current demand	Unemployment Rate	HIV/AIDS Prevalence	Illiterate people older than 14 years
2017/18	9.4%	25,2%	46,5%	8,2%
2018/19	9.4%	23.6%	46.5%	9,6%
2019/20	8%	25.1%	46.5%	9,6%
2020/21	9%	52,8%	46.5%	16,2%
2021/22	9.4%	36.1%	46%	14,4%
				T1.2.4

Source: Dept. of Economic Development and Tourism – SERO Report and Statistics South Africa, Community Survey 2016



Source: Dept. of Economic Development and Tourism – SERO Report and Statistics South Africa, Community Survey 2016

1.1.3. ENVIRONMENTAL OVERVIEW

1.1.3.1. Topography and Surface Hydrology

Msukaligwa LM is characterized by the gently undulating highland topography with fairly broad to narrowly incised valleys of headwater drainages. The rural areas are also characterized by typical Highveld landscapes in the western and central parts, and more undulating terrain with dense commercial forests in the eastern parts. Interesting landscapes are found in the Chrissiesmeer pan veld area.

There are a number of marshy areas or vleis in the upper parts of the valleys and numerous pans, which vary from insignificant vegetated depressions to large deeply etched features with bare clayey floors. An ecologically important concentration of pans and freshwater lakes is located in the Chrissiesmeer area.

The Local Municipality is roughly dissected by the (continental) divide between the Upper Vaal and Usuthu / Pongola WMA's. In the north of the Local Municipality, certain sub-catchments drain into the Olifants and Inkomati WMA's. The headwaters of the Vaal River are found in the western half of the Local Municipality and drain in a southwesterly direction along with the Tweefontein River.

The Usuthu River rises in the northeast of the Local Municipality. The headwaters of the Inkomati River flow northwards from the Local Municipality into the Inkomati WMA, and the headwaters of the Olifants and Klein-Olifants River drain the far north-west of the Local Municipality.

1.1.3.2. Climate

Msukaligwa LM falls under the central Mpumalanga climatic zone characterized by warm, rainy summers and dry winters with sharp frosts. Rainstorms are often violent (up to 80mm per day) with severe lightning and strong winds, sometimes accompanied by hail. The winter months are droughty with the combined rainfall in June, July and August making up only 3.9% of the annual total (734mm).

The average daily maximum temperature in January (the hottest month) is 25.2°C and in July (the coldest month) is 16.7°C. Due to its position near the escarpment, the area is somewhat windier than is typical for the South - Eastern Mpumalanga Highveld, although the majority of winds are still light and their direction is controlled by topography.

1.1.3.3. Geology and Soils

Msukaligwa Local Municipality is underlain predominantly by arenite and dolerite intrusions of the Karoo Supergroup. Other underlying rock types include quartz monzonite, granite and basalt. The central-western part of the study area is underlain by the Ermelo coal field, where the predominant rocks are sedimentary, i.e. sandstones, shales and siltstones of the Ecca Group that contains erinaceous strata of the coal-bearing Vryheid formation.

1.1.3.4. Vegetation and Biodiversity

Existing vegetation in the undeveloped areas of Msukaligwa Local Municipality consists predominantly of typical highveld grasslands. Grasslands are dominated by a single layer of grasses and the amount of cover depends on rainfall and the degree of grazing. Trees are absent, except in a few localized habitats and geophytes are often abundant.

1.1.3.5. Challenges/ the Major Threats to the Natural Environment

The following are challenges or threats to the natural environment within the local municipality:

- (a) human population growth, transformation of land and urbanization;
- (b) mining, especially open-cast coal mining;
- (c) crop cultivation and afforestation.
- (d) overgrazing;
- (e) loss of riverine and wetland/marsh habitat through human intervention;
- (f) Air quality as the Local Municipality was amongst the five Local Municipalities that were declared as Highveld Priority Area in 2007;
- (g) Unavailability of environmental section and environmental officials to implement environmental management programmes;
- (h) Unavailability/ limited/ outdated environmental planning tools;
- (i) Unsustainable developments within the Local Municipality;
- (j) Climate change leading to biodiversity destruction and other natural disasters;
- (k) Alien invasive plants that are replacing indigenous plants while also encroaching water bodies thereby reducing water level in them.

1.1.3.6. Efforts made to Address the Challenges

- (a) Landfill sites are maintained on a regular basis to ensure clean environment;
- (b) Plans were put in place for conducting sewer analysis to deal with sewer spillages within the municipality;
- (c) Provisions made in the IDP for the upgrading of existing waste water treatment plants and construction of new plants;
- (d) Environmental management programmes incorporated in the IDP;
- (e) Awareness campaigns through waste management education are being conducted;

- (f) Participating in government environmental management initiatives that promote job creation and sustainable livelihoods; and
- (g) Support all government initiatives to protect natural resources.

Natural Resources	
Major Natural Resource	Relevance to Community
Coal	Mining opportunities, transportation, employment opportunities and economic development.
Arable land	Agricultural production, forestry, employment opportunities, economic development and poverty alleviation.
	T1.2.7

1.2. SERVICE DELIVERY OVERVIEW

1.2.1. SERVICE DELIVERY INTRODUCTION

The municipality is responsible for delivery of basic services to its communities in terms of the provisions of both Section 152 and Schedule 4 of the Constitution of the Republic of South Africa, which provides for the object of Local Government that requires municipalities to provide the following:

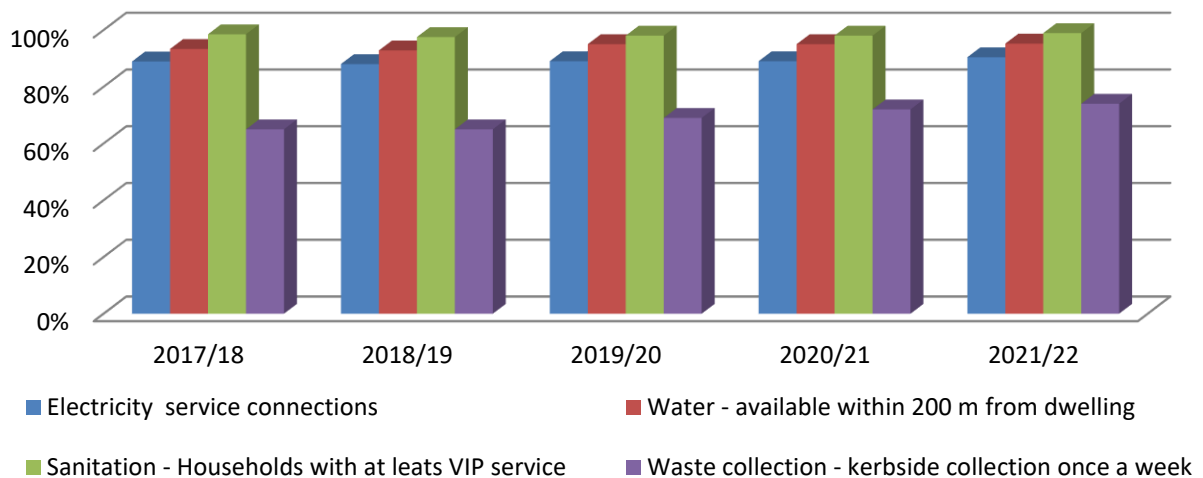
- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of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

Section 152 (2) further provides that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)

Therefore, the Integrated Development Plan of the municipality is prepared in line with the provisions of the Municipal Systems Act, the Constitution of the Republic of South Africa and all other legislative mandates to ensure sustainable and quality service delivery to its communities.

T 1.2.1

Proportion of households with access to basic services



Source: Statistics South Africa 2016 Community Survey & Municipal 2021/2022 APR
T1.2.2

1.2.2. ACCESS TO BASIC SERVICES

As depicted in the diagram above, service delivery in respect of electricity, water, sanitation and waste collection has improved over the past five years. The municipality continues to supply water through communal taps within 200m from dwellings in the informal settlements. We have seen formalization of some informal settlements in which water has been connected to the yards or houses where houses are built. There is quite a significant progress made in electricity connections to households except areas where houses were not yet completed and in the informal settlements that cannot be formalized. There are some areas that need to be electrified and they are in the municipal plans to be electrified.

Provision of VIP sanitation services to farm areas has covered most the areas in the municipality and since a decision was taken at the provincial level to replace the VIP toilets with convertible water borne toilets system, the providing of the VIP toilets was discontinued to be replaced with the new system. Due to some challenges with the convertible water borne system, the provision of sanitation through VIP toilets will continue until all farm dwellers have access to sanitation. About 1.1% of the households within Msukaligwa do not have toilets at all and plans are in place in the ensuing financial year to provide VIP toilets as well the establishment of new formal settlements to deal with informal settlements. The Nganga Township in Warburton have sewer reticulation completed but no connections were made due to challenges with water supply that is also being dealt with..

With regard to waste collection, household waste is collected twice a week in all townships except Everest Park, Long Homes, Klipbou and Ermelo suburbs which is collected once a week. The municipality has extend refuse collection services to Warburton and Sheepmoor in which collection is done once a week.

T1.2.3

1.3. FINANCIAL HEALTH OVERVIEW

1.3.1. FINANCIAL OVERVIEW

The municipality had a cash flow challenge due to high levels of non-payment, distribution losses and illegal connections. In endeavouring to address the cash flow challenges a Financial Recovery Plan was developed and implemented with short-, medium- and long-term objectives. The latter are as follows:

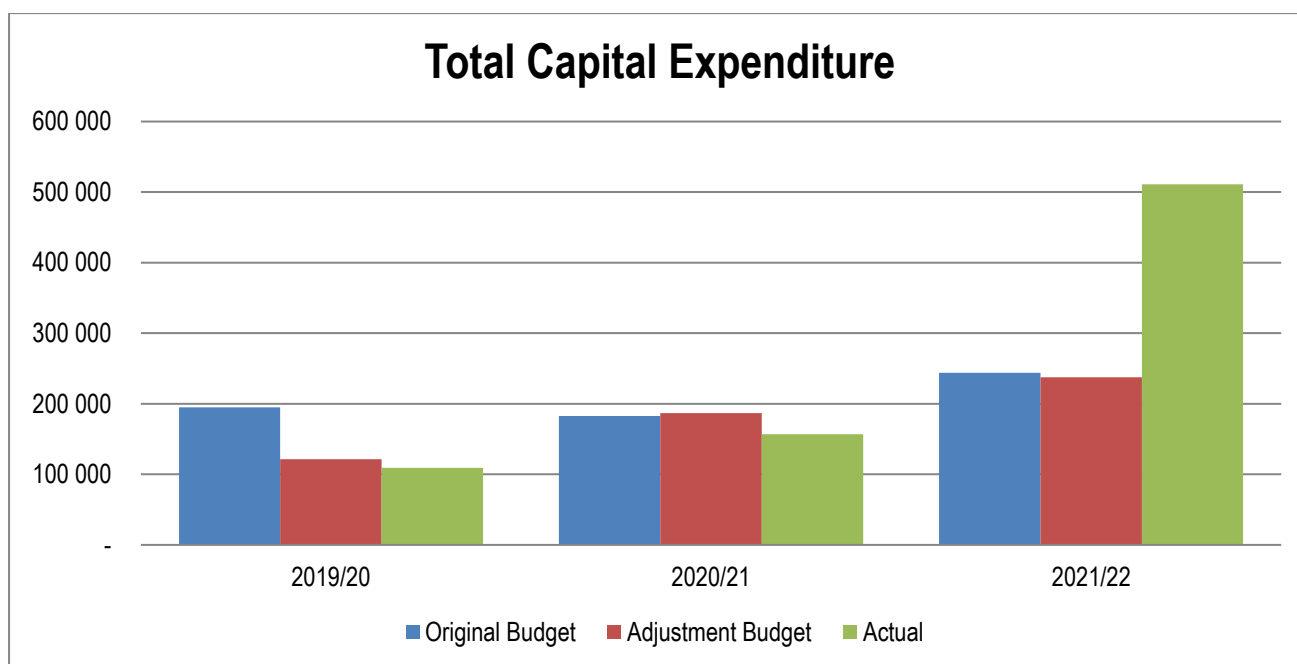
- (a) Strategy One: Restructure the Budget
- (b) Strategy Two: Revise Tariff Policies and Tariff Increases
- (c) Strategy Three: Revenue Enhancement
- (d) Strategy Four: Financial Administration
- (e) Strategy Five: Cash Management Strategy
- (f) Strategy Six: Human Resource Management

T1.3.1

Financial Overview – 2021/22				
R' 000				
Details	Original budget	Adjustment Budget	Final Budget	Actual
Income				
Grants	406 796	407 226	407 226	511 096
Taxes, Levies and tariffs	632 534	578 679	578 679	573 751
Other	65 906	55 536	55 536	60 257
Sub Total	1 105 236	1 041 440	1 041 440	1 145 104
Less Expenditure	(1 143 510)	998 882	998 882	152 001
Net Total*	(38 274)	42 558	42 558	993 103
* Note: surplus/(- deficit)				T1.4.2

Operating Ratios	
Detail	% 2021/22 vs 2020/2021
Employee Cost	27%
Repairs & Maintenance	2%
Finance Charges & Depreciation	26%
T1.4.3	

Total Capital Expenditure: 2021/22			
R'000			
Detail	2019/20	2020/21	2021/22
Original Budget	195 149	182 817	243 924
Adjustment Budget	121 552	186 840	237 386
Actual	109 370	156 791	511 097
T 1.4.4			



T1.3.5

COMMENT ON CAPITAL EXPENDITURE

Though some of the projects for 2020/2021 FY were spent according to the approved plans and in line with the alterations effected in response to the Corona virus pandemic, grants such as MIG and WSIG their spending was at 100%. It should be noted that in the RBIG the spending was at 5%, this grant is implemented by Gert Sibande District Municipality.

T 1.3.5.1

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality as part of its organisational development (OD) processes has put in place measures aimed at addressing the issues that had led to the provincial intervention in terms of section 139 of the Municipal Finance Management Act, No. 56 of 2003. The municipality has had to adapt its processes following the declaration of the state of disaster arising from the Corona virus pandemic and lockdown measures by the government. Amongst the annual OD processes that the municipality undertook was the review of the organisational structure, the adoption and implementation of human resources policies, capacity building of both Councillors and employees.

Msukaligwa local municipality has re-enforced the implementation of the following organizational development interventions for the year under review.

1.4.2. WORKPLACE SKILLS PLAN

The Municipality developed, adopted and implemented a Workplace Skills Plan that is informed by the training needs that Councillors and employees submitted to the Skills Development Facilitator as well as the training needs that have been identified through the

independent skills audit that the municipality conducted in the year under consideration. The following targets that are informed by informed by the budgetary considerations were set for the Work Skills Plan:

	Target	Actual
Number of Councillors trained	38	36
Number of officials trained	50	65

The training of the elected members was informed by the identification of training needs through the guidance of the Office of the Speaker, SALGA and in line with the effective implementation of the Workplace Skills Plan (WSP) and Annual Training Programme (ATP)

1.4.3. BATHO PELE SERVICE STANDARDS

The Municipality adopted and implemented the 'Batho Pele' Service Charter in all functional areas of the Municipality through the implementation of the following:

- (a) Batho Pele Services Charter
- (b) Personnel Name tags
- (c) Customer Care Centre
- (d) Security / Information Desk in the main building

The Municipal Call Centre has been established and equipped to allow for members of the community be able to report any service delivery related complaints. The call centre is reasonably functional but will do so incrementally but once fully functional the plan is for community members to be able to communicate their complaints or issues using various digital platforms such as through the telephone, sms, emails etc.

1.4.4. EMPLOYMENT EQUITY PLAN

The Municipal Employment Equity Plan has been approved by the Council to reflect the employment equity targets from the non-designated and designated groups in line with the principles of good governance. Refer to Chapter 4 for detailed numerical targets.

1.4.5. EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The Municipality has adopted its revised Performance Management Framework on the 9th of December 2022 and an Individual Performance Management Policy approved in May 2021 both of which are currently being implemented to establish an effective Performance Management System. Currently it is being implemented on employees appointed in terms of Section 54A and Section 56 of the Municipal Systems Act. With the Municipal Staff Regulation of 2021 being promulgated, the municipality is planning to cascade performance management to employees below Senior Management level in the ensuing financial year. An e-PMS has also been introduced and the municipality has migrated from manual to fully web-based ePMS for SDBIP reporting cycle.

1.4.6. EMPLOYEE VALIDATION PROCESS

The municipality has conducted an employee validation process to identify ghost workers which required that each employee to present themselves to be validated through their identification document and employee number. The validation process was able to validate all the employees and there were no ghost workers identified

T1.4.1

1.5. AUDITOR GENERAL REPORT

1.5.1. AUDITOR GENERAL REPORT 2021/2022

In terms of section 131(1) and (2) of the Municipal Finance Management Act, 2003, a municipality must address any issues raised by the Auditor General in an audit report. The Mayor of a municipality must ensure compliance by the municipality with this subsection.

The MEC for local government in the province must-

- (a) Assess all annual financial statements of municipalities in the province, the audit report on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor General in an audit report; and
- (b) Report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.

The municipality has received a Qualified Audit Opinion for the 2021/2022 financial year with the following matters:

- (1) Payables from exchange transactions
- (2) VAT receivables
- (3) Irregular Expenditure
- (4) Consumer debtors – electricity
- (5) Material losses – Inventory, electricity and water
- (6) Fruitless and wasteful expenditure
- (7) Material loss on disposal of assets

There is total number of 78 findings for the financial under review as per the Management letter which shows an improvement when compared with 2020/2021 financial year of **185** findings.

Findings per Department

- | | |
|------------------------------|-------------|
| (a) Finance Department: | 57 Findings |
| (b) Corporate Department: | 5 Findings |
| (c) Office Of The MM: | 15 Findings |
| (d) Technical Services: | No Findings |
| (e) Community Services: | No Findings |
| (f) Planning & Economic Dev: | No Findings |

1.5.2. ADDRESSING AUDITOR GENERAL FINDINGS

An Audit Action plan has been developed to address the audit findings and will be monitored on a regular basis and ensure the following processes are implemented:

- (a) Monitoring the progress on the implementation of the Auditor General recommendations on a monthly basis.
- (b) Management to provide progress report on addressing the issues raised by the Auditor General on a monthly basis.
- (c) Internal audit and Audit Committee will conduct follow up on the implementation of action plans on a quarterly basis.

1.5.3. OVERALL IMPLEMENTATION OF ACTION PLANS

The overall implementation of the Auditor General findings Action Plan for the 2021/22 financial year as at the end of June 2022 was as follows:

TOTAL FINDINGS	Addressed	In Progress	Not Addressed
78	23	55	0

The Municipality is committed to achieve clean administration and to achieve Unqualified Audit Opinion. For the second year running the Municipality received Qualified Audit Opinion, with reduced qualification paragraphs from 9(nine) to 4(four). And Audit Action Plan has been developed with the aim to strengthen the Municipal Internal Control environment, compliance with applicable laws and regulations and improved Financial Management practice. The monitoring and implementation of the Audit Action plan is managed in the Municipal Manager office.

T 1.5.1

1.6. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and Integrated Development Plan (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 Integrated Development Plan (IDP) commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit the prior year's Draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to Municipal Manager	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited draft Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the Integrated Development Plan (IDP) Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget and finalization of the draft Integrated Development Plan (IDP) for the next financial year. Draft Annual Report and Oversight Reports to be used as input.	January

T1.6.1

Chapter 2

CHAPTER 2 – GOVERNANCE

2.

2.1. POLITICAL GOVERNANCE



Cllr. N.S Xaba
Speaker



Cllr. M. P. Nkosi
Executive Mayor



Cllr. P.T Sibeko
Chief Whip

MEMBER OF THE MAYORAL COMMITTEE



Cllr BJ Motha
MMC for Planning and Economic
Development Department



Cllr. TJ Madlala
MMC for Corporate Services
Department



Cllr TC Motha
MMC for Technical Services
Department



Cllr E.C Msezane
MMC for Finance Department



Cllr. S.E Ngovene
MMC for Community and Social Services
Department

COUNCILLORS

Refer to **Appendix A** where a full list of Councillors is captured (including committee allocations and attendance at council meetings).

T2.1.2

2.2. ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Msukaligwa Local Municipality adhered to administrative governance legislations and regulations and complied with the follows:

1. The Integrated Development Plan (IDP) for 2021/2022 financial year was adopted in accordance with the provisions of the Municipal Systems Act.
2. The Service Delivery and Budget Implementation Plan (SDBIP) for 2021/2022 was approved by the Executive Mayor in compliance with the provisions of the Municipal Finance Management Act (MFMA).
3. Performance Agreements for 2021/2022 financial year were signed in compliance with legislation by the section 56 employees and submitted to the Member of the Executive Council (MEC) for Cooperative Governance and Traditional Affairs (COGTA) as per the provisions of the performance regulations.
4. Performance Management is implemented at the strategic level for Section 56 employees as required by the Municipal Systems Act.
5. Audit Committee meetings were held in the 2021/2022 financial year as per the agreed schedule.
6. Mid- year performance reports for 2021/2022 was submitted to the Council as per Section 72 of the Municipal Finance Management Act (MFMA) including the 3rd and the 4th quarter Service Delivery and Budget Implementation Plan (SDBIP) reports.
7. The municipality engaged the services of consultants to assist in dealing with findings identified by the Auditor General pertaining to administrative governance as well as compilation of the AFS.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE



Mr. M. Kunene
MUNICIPAL MANAGER

DIRECTORS

Mr. P S Mabuza
Director: Corporate Service

Mr. R F Ntekele
Director: Technical Services

Mr. S M Phiri
Acting Chief Financial Officer

Mr. S I Malaza
Director: Community & Social
Services Department

Mr. D. Maake
Director: Planning and Economic Development

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

2.3.1. INTERGOVERNMENTAL STRUCTURE

Intergovernmental structures in which engagements are taking place comprise the Provincial Planners Forum, District IDP Management Committee, District and Local IDP Rep Forum and PCF meetings with other plenary meetings in which the municipality participates for plenary and strengthening of IGR.

In the Provincial Planners Forum, issues that affect municipal planning and provincial planning cycles are discussed in order to have a coordinated planning within these two spheres of government also allowing interrogation of plans to establish the best possible approaches to the planning process. These meetings assist in providing municipalities with better understanding on how municipal planning cycles influence the proper planning of other spheres of government.

The District or Local forums and committees provide a platform for interaction on planning issues, information sharing and learning from best practices between municipalities and other spheres of government. There has been a great improvement on the packaging of the municipal IDP and valuable insights in Spatial approaches obtained from these engagements.

T2.3.2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1. OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Public Participation Policy and Public Participation strategy that outline the various measures on how the municipality engages with the community members was adopted and is being implemented by the municipality. The municipality has had to adapt to other mechanisms in order to engage with the community in order not to violate the prohibition of gatherings in terms of the Covid-19 lockdown regulations. Some of these measures include the use of social media platforms to engage with the community.

In terms of Section 152 of the Constitution of the Republic of South Africa, Local Government Municipal Systems Act, Act 32 of 2000 as amended and Local Government Structure Act, Act 117 of 1998, Municipalities are required to:

- (a) Encourage the involvement of communities and the community organisations in matters of Local Government.
- (b) Develop the culture of participatory development.
- (c) Establish ward committees as a vehicle for community participation.

Community Participation takes place to involve communities during the following processes:

- (a) The preparation, implementation and review of the Integrated Development Plan (IDP).
- (b) The establishment, implementation and review of its Performance Management System
- (c) Preparation of the Budget.

The following are structures established to promote community participation:

- (a) Integrated Development Planning (IDP) Representative Forum
- (b) Ward Committees and Ward Community Meetings
- (c) Local Geographic Names Committee
- (d) Community Development Workers
- (e) Newsletters
- (f) Radio broadcast slots
- (g) Municipal Official Web site
- (h) Municipal Official Facebook page

Community Participation Programmes per ward were developed and implemented.

Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward-based public participation.

T 2.4.0

2.5. PUBLIC MEETINGS

2.5.1. COMMUNICATION FORUMS

The municipality's communication unit is responsible for the overarching implementation of the communication policy, strategy, information dissemination, Presidential Hotline, media monitoring, media liaison, Communication research, Municipal newsletters, website content development, virtual meetings and management, events management and corporate advertisement / branding.

Communication of information is also done by the municipality by contributing to the Gert Sibande District Municipality and Mpumalanga South African Local Government Association quarterly newsletters.

2.5.2. COMMUNICATION INSTITUTIONAL ARRANGEMENT

The Communication Unit has been established, however the unit is not fully capacitated in respect staff due to financial constraints. The unit is placed in the Office of the Office of the Municipal Manager.

2.5.3. COMMUNICATION FORUM

The municipality attends and participates at the District and Provincial Government Communicators Fora.

2.5.4. LEGISLATIVE FRAMEWORK

There are various legislations that governs the establishment and the functioning of local Government Communication structures which amongst others include the following:

- (1) Constitution Act 108 of 1996
 - (a) **Section 152 (1) (e):** that municipalities must encourage the involvement of communities and community organizations in matters of local government.
 - (b) **Section 160(7):** A municipal council must conduct its business in an open manner, and may close its sittings, or those of its committees, only when it's reasonable to do so.
- (2) Local Government: municipal Systems Act, 2000
 - (a) **Section 21:** communication with local community must take place through the following.
 - (i) in the local newspaper or newspapers of its area;
 - (ii) in t newspaper or newspapers circulating in its area and determined by the council as a newspaper of record; or
 - (iii) by means of radio broadcasts covering the area of the municipality.
- (3) Promotion of Access to information Act, Act No.2 of 2000
 - (a) This act operationalizes sections 8 and 32 of the constitution, it fosters the culture of transparency and accountability and promotes effective access to information to protect an individual's rights.
- (4) Promotion of Administrative Justice Act. Act No 3 of 2000
 - (a) The act requires that all decisions of administrative bodies have to be lawful, procedurally fair and reasonable.
 - (b) People have the right to be given reasons for decisions that adversely affect them which are taken by the government officials.
- (5) Protection of Disclosure Act, Act No 26 of 2000
 - (a) The act protects people who speak out against government corruption, dishonesty and bad administration.

T 2.5.1

2.6. INTEGRATED DEVELOPMENT PLAN (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' Performance Plans?	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	
T2.6.1	

COMPONENT D: CORPORATE GOVERNANCE

2.7. RISK MANAGEMENT

2.7.1. RISK MANAGEMENT

The municipality needs to have systems that can proactively and continuously identify, evaluate, analyse, measure and manage risks that might directly or indirectly affect the municipality so that it is able to put in control measures to address those risks.

The Municipality has an approved Risk Management Policy, Risk Management Committee Charter and Risk Management Strategy. Risk assessments are conducted annually for all the Departments to identify risks that impact on the achievement of objectives. As per the strategic risk and operational risk assessment conducted during the financial year under review, 98 risks were identified with their magnitudes as follows:

Risk Magnitude	No of Risk per Risk Magnitude as per Strategic Risk Register	No of Risk per Risk Magnitude as per Operational Risk Register
Maximum Risk	1	3
High Risk	5	62
Medium Risk	0	23
Low Risk	0	4
Minimum Risk	0	0
Total number of Risk Identified	6	92

Progress made on identified risk areas are evaluated on a quarterly basis, the quarterly reviews would also identify new or emerging risks. The risk management unit's task is to identify and propose measures to contain, avoid or transfer the risk concerned. Currently, there are systems in place to monitor the identified risks and a continuous yearly risk management implementation plan was designed together with the risk register to monitor and manage all identified risks.

Risk awareness workshops are conducted to create awareness of risk management to all levels of the Municipality. A Risk Management, Anti-Fraud and Corruption Committee that advises management on the overall system of risk management has been appointed. An external Chairperson was appointed to add value to risk management in the Municipality. The Audit Committee advises the Municipality on risk management and independently monitors the effectiveness of the system of risk management at Audit Committee meetings. The Municipality conducts quarterly/monthly risk evaluation and monitor the risk action plan (Mitigating Strategies).

With the introduction of the National Lock-down by the South African Government during the beginning of the fourth quarter 2019/20 in terms of the National Disaster Act due to COVID-19, the municipality have conducted COVID-19 risk assessment as informed by Department of Labour COVID-19 regulations and Msukaligwa COVID-19 policy and work return strategy plan developed by human resources/OHS section. A COVID-19 Risk register was developed and approved, the progress on the implementation of COVID-19 risk action plans were reported and monitored by the Joint Occupational Health and Safety Committee on a monthly basis and by the Risk Management, Anti-Fraud and Corruption Committee on a quarterly basis.

T2.7.1

2.8. FRAUD AND CORRUPTION MANAGEMENT

2.8.1. FRAUD AND CORRUPTION MANAGEMENT

The Municipality has reviewed and approved an Anti-Fraud Policy and Strategy and the Anti-Fraud implementation plan as a control measure put in place to reduce the occurrence of fraud and corruption related activities. The municipality has to ensure that Integrity and accountability are infused into its operational architecture to discourage and eliminate Corruption, dishonesty, misconduct and unethical behaviour among public officials, which represent serious threats to the basic principles of public service. A Risk Management Committee, Anti-Fraud and Corruption that is chaired by an independent person was also established and appointed by the Council, the committee's duties are to review and monitor the implementation of the anti-fraud and corruption plan and related issues to the higher governance structure such as the Audit Committee and to the Council.

The municipality also approaches the fight against fraud and corruption in a proactive way where fraud risks assessments are conducted as another way of fraud detection and prevention, the National Anti-Fraud Hotline is also promoted for use to report fraud and corruption. The Municipality also make use of the social media platforms such as Facebook to create awareness on the fight against fraud and corruption. Anti-fraud and corruption policies and plans are uploaded in the Municipal website (both intranet and internet) as another way of raising awareness on anti-fraud and corruption within official of the Municipality and the community at large. Lastly, anti-fraud and corruption workshops or awareness's are incorporated in the induction programme of the Municipality to ensure that newly appointed employees are well informed on anti-fraud and corruption related policies and controls.

T2.8.1

2.9. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	<Yes / No>	Publishing Date
Annual and adjustment budget and budget-related policies	Yes	2022/06/15 2022/09/21 2022/11/03
All current budget-related policies	Yes	2022/09/21 2022/09/26
The previous annual report (2020/2021)	Yes	2022/07/14
The annual report (2020/2021) published/to be published	Yes	2022/09/06
All current performance agreements for 2021/2022 as required in terms of section 57(1) (b) of the Municipal Systems Act.	Yes	2022/10/13
All service delivery agreements (2021/2022)	No	
All long-term borrowing contracts (2021/2022)	No	
All supply chain management contracts above a prescribed value (give value) for 2021/2022	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 2021/2022	No	
Contracts agreed in 2021/2022 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 2021/2022	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2021/2022	Yes	2022/07/14
		T2.9.1

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipal Website is functional and accessible to the public. However, it needs an upgrade to allow for interactive access with the public and other spheres of government. The upgrade on the website is planned to take place in the 2022/2023 financial year. The following documents are available on the website:

- (a) Integrated Development Plan (IDP)
- (b) Service Delivery Budget implementation Plan (SDBIP)
- (c) Performance Contracts and Agreements for s54A and 56 Managers
- (d) Budget and Budget related policies
- (e) Annual Financial Statements
- (f) Annual Reports
- (g) Tenders
- (h) By-Laws and other related information.

The Municipal libraries have internet access for the public to access information and the Msukaligwa Local Municipality website address is www.msukaligwa.gov.za.

T2.9.1.1

2.10. BY-LAWS

The by-laws were approved by the Council and the gazetting thereof has been delayed owing to financial constraints.

By-laws Introduced during 2021/22				
Newly Developed	Date Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	Date of Publication
No gazetted by-laws in the financial year under review.				
				T2.10.1

2.11. PUBLIC SATISFACTION SURVEY

2.11.1. PUBLIC SATISFACTION SURVEY

The municipality has not conducted any public satisfaction survey in the financial under review. However, COGTA has done a random survey in 2018/2019 FY which served as a baseline from which the municipality should work on to conduct the surveys.

T2.11.0

Chapter 3

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

COMPONENT A: BASIC SERVICES

3.

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

3.1. WATER PROVISION

3.1.1. INTRODUCTION TO WATER PROVISION

Msukaligwa Local Municipality is a water services authority which provides water to all households and businesses within its areas.

(1) The raw water sources for Msukaligwa

- (a) Brummer dam for Ermelo Town
- (b) Douglas dam for Ermelo Town
- (c) Department of Water and Sanitation (DWS) (Jericho scheme) for Ermelo Town, Davel and Breyten
- (d) Torbanite dam for Breyten and Chrissiesmeer
- (e) Mpuluzi River for Lothair.
- (f) Boreholes, for Sheepmoor, Warburton and Farming and rural areas.

Achievements

The Municipality has in the past year implemented the 2021/2022 financial year IDP. The municipality had since 2016 provided water to **1 794** households which constitute **3.8%** increase in households with access to basic level of water services. As at the end of the 2021/2022 financial year, the backlog on water provision has been at 4.8% (2,449 households). The process of providing water to communities will continue until all households are provided with water.

(2) Municipal Infrastructure Grant (MIG) has funded the following water projects:

- (a) Installation Of Water Reticulation in Wesselton Extension 11 Phase 1
- (b) Installation Of Water Reticulation in Wesselton Extension 11 Phase 2
- (c) Regional bulk water supply scheme for Davel cluster 3 in Msukaligwa Local Municipality
- (d) Construction of A 8 MI Reservoir at Ermelo Ext 44 & associated pipeworks

The above projects were implemented at an amount of R 35 000 000 with 1 of the latter project not completed.

Drinking water compliance for 2021/2022:

The Msukaligwa water treatment work has achieved 93.5% compliance for Microbiological purification. The chemical compliance of 99.0% for Chemical chronic health effect. These results from treatment works has 6.5% failures on microbiological removals and 1% failures for Chemical that can have potential for chronic health effects. This assessment was done in 2013 however the department embarked on the audits early this year (February 2023) of which we are still going to get the assessment scores / performance. We are still in contact with the department in relation to more information required for them to conclude their audits and the results will be published as soon as they are available.

T3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2017/18	0	0	0		
2018/19	0	0	0		
2019/20	0	0	0		
2020/21	0	0	0		
2021/22	0	0	0		

T3.1.2

Water Service Delivery Levels					
Description	Households				
	2017/18	2018/19	2019/20	2020/2021	2021/2022
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water:</u> (above min level)					
Piped water inside dwelling	25,991	25,991	25,991	25,991	25,991
Piped water inside yard (but not in dwelling)	17,943	18,534	18,846	18,846	18,935
Using public tap (stand pipes)					
Other water supply (within 200m)	3,714	3,714	3,714	3,714	3,714
Minimum Service Level and Above sub-total	47,648	48,239	48,551	48,551	48,640
Minimum Service Level and Above Percentage	93.3%	94.4%	95%	95%	95.2%
<u>Water:</u> (below min level)					
Using public tap (more than 200m from dwelling)	0	0	0	0	
Other water supply (more than 200m from dwelling)	3,441	2,850	2,538	2,538	2,449
No water supply	0	0	0	0	0
Below Minimum Service Level sub-total	3,441	2,850	2,538	2,538	2,449
Below Minimum Service Level Percentage	6.7%	5.6%	4.97%	4.97%	4.8%
Total number of households*	51,089	51,089	51,089	51,089	51,089

* - To include informal settlements

T3.1.3

The wording "within/more 200m from dwellings" be replaced with "stand pipes" as it challenging to measure.

Households - Water Service Delivery Levels below the minimum					
Description	Households				
	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements					
Total households	44,782	46,270	48,551	48,551	48,640
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0
Informal Settlements					
Total households	6,307	4,819	2,538	2,538	2,449
Households that's below minimum service level	3,441	3,576	3,576	3,576	2,449

Proportion of households that's below minimum service level	6.7%	6.9%	4.97%	4.97%	4.8%
T3.1.4					

Water Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic water	Increase the number of households accessing water supply	48,148	48,239	48,239	48,551	48,551	48,551	48,640	48,640	49,565
To ensure well maintained services infrastructure	Km of water AC pipes replaced with U-PVC pipes	0	0	0	0	0	0	0	0	10 km
To ensure that all consumers are metered for water consumption	Number of water meters installed	0	0	0	0	200	585	1,000	303	2,000
Water pipe bursts repaired or replaced within 24hrs of being reported.	% of callouts responded to within 24hrs after being reported	100%	99%	95%	98.7%	95%	98,65%	95%	99,99%	100%
To ensure provision of quality drinking water	Number of reports on the implementation of blue drop assessment recommendations	0	0	0	0	0	0	0	0	4
	Number of quarterly water meters audit reports compiled	0	0	2	3	2	2	2	3	0
	Number of quarterly water quality compliance reports prepared	0	0	0	0	0	0	4	4	0
To ensure optimum performance of the water and sewer treatment plants	Number of quarterly plant performance reports prepared	0	0	0	0	0	0	4	4	0
To provide potable water in rural areas	Number of quarterly borehole maintenance report prepared	0	0	0	0	0	0	4	4	0
										T3.1.6

Financial Performance: Water Services						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Revenue	856 031	971 950	1 105 237	1 041 441	906 577	-0
Expenditure:						
Employees	46 739	19 218	16 866	16 866	18 129	7%
Repairs and Maintenance	-	33 128	-	-	13 185	100%
Other	62 835	109 023	107 695	107 695	130 153	17%
Expenditure	109 575	142 151	124 561	124 561	161 467	23%
Net Operational Expenditure	(38 958)	(60 830)	(6 687)	(6 687)	(160 560)	96%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual.						T 3.1.8

Capital Expenditure Year Water Services					
R' 000					
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	87 080	223 051	219 545	-2%	
Project A	87 080	229 051	219 545	-2%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.1.9					

3.2. WASTE WATER (SANITATION) PROVISION

3.2.1. INTRODUCTION TO SANITATION PROVISION

Msukaligwa is responsible for the provision of sanitation services to all households and businesses within its jurisdiction in accordance with Schedule 5, part B of the Constitution. Since the municipality comprises of rural and urban areas, sanitation services is provided through construction of VIP toilets (convertible water borne toilets) at rural areas and water borne toilets at urban areas. The sanitation service extends to sucking of septic tanks at those areas with septic tanks.

Achievements

The municipality had in the past financial (2021/2022) focused on improving the sanitation services at formalised informal settlements and in order to provide households with water-borne toilets. Focus was on providing water first while preparations were made for installation of the sewer infrastructure. Therefore, the following are the sanitation projects implemented within the 2021/2022 financial year:

(1) Municipal Infrastructure Grant (MIG) has funded the following sanitation projects:

- (a) Refurbishment Of Davel Wastewater Treatment WorksRefurbishment of Ermelo WWTW
- (b) Installation Of Sewer Reticulation at Breyten Ext 4 (Enkanini)

(2) Water Services Infrastructure Grant (WSIG) has funded the following sanitation projects:

- (a) Construction of Oxidation ponds at Sheepmoor
- (b) Refurbishment of Oxidation ponds-Breyten
- (c) Feasibility study for Ermelo/Wesselton WWTW Upgrades
- (d) Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline

The sanitation capital projects as implemented through the MIG and WSIG funding were multi-year projects and they were all completed except the latter. The amount spent on MIG and WSIG was R 4 060 316.60 and R 40 000 000 respectively.

Though water-borne sewer is provided in the urban areas, the ageing infrastructure remains a huge challenge resulting in regular blockages and effluent overflows, which was attended to on an ad hoc basis due to the lack of adequate funding to address the problem completely.

Waste water treatment compliance for 2021/2022:

The Msukaligwa wastewater treatment work performance was reviewed against using the DWS Special standards for waste treatment works. The municipality shown slight improvement on the Green Drop score during the 2021 assessment (**17%**) versus assessments conducted in 2013 (**7.4%**). There was also a very slight improvement on the Green Drop Risk Rating scores (**94% in 2021 versus 98% in 2013**). It should be noted that there's still a lot of work that still needs to be done as it's estimated that R50 million is required to bring all the wastewater treatment plants to their original operational state.

T3.2.1

Sanitation Service Delivery Levels					
*Households					
Description	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	38,452	38,895	38,895	39,396	39,492
Flush toilet (with septic tank)	465	465	465	465	465
Chemical toilet	497	497	497	497	497
Pit toilet (ventilated)	2006	2,006	2,006	2006	2006
Other toilet provisions (above min. service level)	8,893	9,029	8,072	8,072	8,072
Minimum Service Level and Above sub-total	50,313	50,892	49,935	50,436	50,532
Minimum Service Level and Above Percentage	98.5%	99.6%	97.7%	98.7%	98.9%
Sanitation/sewerage: (below minimum level)					
Bucket toilet	0	0	0	0	
Other toilet provisions (below min. service level)	0	0	0	0	
No toilet provisions	776	197	1,154	653	557
Below Minimum Service Level sub-total	776	197	1,154	653	557
Below Minimum Service Level Percentage	1.5%	0.4%	2.3%	1.27%	1.1%
Total households	51,089	51,089	51,089	51,089	51,089
*Total number of households including informal settlements					T3.2.3

Waste Water (Sanitation) Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Increase in number of households having access to basic level of sanitation.	Number of new households with access to sanitation service	50,824	50,892	51,743	49,935	50,436	50,436	50,535	50,532	50,832
Sewer blockages attended to within 24 hours of being reported	% of sanitation callouts responded to within 24 hours	100%	89%	100%	95.6%	95%	99.6%	95%	98%	98%
To ensure environmentally compliant waste water	Number of reports on the implementation of Green Drop assessment recommendations compiled	0	0	0	0	0	0	0	0	4
										T3.2.6

Financial Performance: Sanitation Services						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	39 906	53 759	65 193	65 193	12 814	-409%
Expenditure:						
Employees	13 542	14 940	14 046	14 046	16 024	12%
Repairs and Maintenance	–	623	–	–	729	100%
Other	15 833	25 404	37 991	37 991	44 815	15%
Total Operational Expenditure	29 375	40 967	52 037	52 037	61 568	15%
Net Operational Expenditure	10 531	12 791	13 156	13 156	(48 754)	127%
						T 3.2.8

Capital Expenditure: Sanitation Services					
R' 000					
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All projects	50 000	40 000	40 000	-25%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.2.9					

3.3. ELECTRICITY

3.3.1. INTRODUCTION TO ELECTRICITY

The municipality is licensed to provide electricity in Ermelo, Wesselson, Kwa-Dela, Breyten and Silindile. The rest of the admin units as well rural areas of the municipality get electricity supply directly from Eskom. An electricity Master plan has been reviewed and approved by the Council in 2019 for a period of 5 years to address the operations and maintenance challenges. The Master Plan is valid for a period of 5 years, when considering the rapid growth of the population.

Achievement

The municipality has through the assistance of Eskom electrification programme for the year under review managed to electrify additional 346 households. This has seen the increase in households with access to electricity increasing from 45,878 to 46,224 which constitutes 90,4% of households with access to electricity. Through our equitable share we allocated R16 759 250.00 which has funded the bulk infrastructure for the construction of Design and Construction of 20MVA, 88/11KV Transformer in Ermelo Substation

This has been achieved through electrification projects at various settlements of the municipality at a cost of R 3,007,345.61 by Eskom in-kind grant.

An amount of R 10 million was funded through INEP and was spent for the Electrification of 350 units at KwaZanele Extension 6 and Construction of 3.6MVA, Bulk, KwaZanele Sub Station.

T3.3.1

Electricity Service Delivery Levels Households					
Description	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy:</u> (above minimum level)					
Electricity (at least min. service level)	5,171	5,171	5,263	5,263	5,263
Electricity - prepaid (min. service level)	26,578	26,728	26,806	26,806	26,806
Electricity – Eskom	13,641	13,979	14,155	14,155	14,455
Minimum Service Level and Above sub-total	45,390	45,878	45,878	45,878	46,178
Minimum Service Level and Above Percentage	88.8%	90%	89.8%	89.8%	90.4%
<u>Energy:</u> (below minimum level)					
Electricity (< min. service level)					
Electricity - prepaid (< min. service level)					
Other energy sources	5,699	5,775	5,211	5,211	4,911
Below Minimum Service Level sub-total	5,699	5,775	5,211	5,211	4,911
Below Minimum Service Level Percentage	11%	11.3%	10.2%	10.2%	9.6%
Total number of households	51,089	51,089	51,089	51,089	51,089
T3.3.3					

Electricity Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
To ensure households electricity backlog is eradicated	Number of households with access to basic level of electricity	46,040*	45,314*	46,884*	45,878*	46,634*	45,878	45,878	46,178	46,528
To ensure that power supply to all consumers is metered	Number of electricity meters installed	N/A	N/A	N/A	N/A	200	457	500	525	850
To ensure uninterrupted power supply to consumers	Refurbishment of the Breyten 11kV sub station	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Refurbishment of MV/LV overhead network at Industrial and Laffnie street	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
	Number of reports on the implementation of NERSA audit recommendations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
To ensure that performance of electricity meters is monitored or audited	Number of electricity meters audit reports compiled	N/A	N/A	N/A	N/A	2	2	2	2	0
To ensure that bulk electricity distribution is correctly measured and accounted for.	Number of bulk electricity meters installed	N/A	N/A	N/A	N/A	2	2	4	0	0
To ensure uninterrupted power supply to consumers	Number of main sub-stations maintained	N/A	N/A	N/A	N/A	1	1	3	2	0
To ensure regular maintenance of power supply facilities	Number of kiosks and transformers maintained	N/A	N/A	N/A	N/A	59	59	100	0	0
To provide public lighting to residents List under project	Number of high mast lights installed	N/A	N/A	N/A	N/A	N/A	N/A	5	0	0
To ensure regular maintenance of	Number of mini-sub maintained by 30 June 2022	N/A	N/A	N/A	N/A	N/A	N/A	40	0	0

Electricity Service Policy Objectives Taken From Integrated Development Plan (IDP)										
power supply facilities										
										T3.3.5

Source: STATSSA 2016 CS and Own records

* Figures include projects funded by Eskom which may differ from figures as contained in the Annual Performance Report linked to the SDBIP. The reasons for excluding Eskom figures in the APR are that the municipality do not have direct control on such projects or expenditure.

Financial Performance: Electricity Services							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue	20 611	223 018	39 182	39 182	256 356	85%	
Expenditure:							
Employees	17 614	19 822	2 175	2 175	23 510	91%	
Repairs and Maintenance	–	9 573	1 000	1 000	9 397	89%	
Other	233 125	302 058	54 772	54 772	355 988	85%	
Expenditure	250 739	331 453	57 947	57 947	388 896	85%	
Expenditure	(230 128)	(108 435)	(18 765)	(18 765)	(132 540)	86%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Adjustment Budget by the Actual.							T 3.3.7

Capital Expenditure : Electricity Services						R' 000
Capital Projects	Year 2021/22					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All project	30 500	34 792	11 823	-158%		
	0					
						T 3.3.8

3.4. PROJECTS MANAGEMENT

3.4.1. INTRODUCTION TO PROJECTS MANAGEMENT

The municipality has established a project management unit dealing with overall project management from projects planning, application for funding, monitoring and reporting of projects progress to confirmation of projects completion and signing off of completed projects.

Projects dealt with by the unit are listed on **Appendix F** and **N** of this report.

T3.3.1

Projects Management Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2017/18		2018/19		2019/20		2020/21		2021/22
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
To ensure that funds allocated are spent on planned infrastructure projects	Percentage Municipal Infrastructure Grant (MIG) spent annually	N/A	N/A	100%	100%	100%	100%	100%	100%	100%
To ensure that funds allocated are spent on planned infrastructure projects	Percentage Water Services Infrastructure Grant (WSIG) spent annually	N/A	N/A	100%	100%	100%	100%	100%	100%	100%
To ensure that funds allocated are spent on planned infrastructure projects	Percentage Integrated National Electrification Programme (INEP) spent annually	N/A	N/A	100%	98%	100%	0	100%	100%	100%
To ensure that job opportunities are created in terms of the EPWP guidelines.	Number of jobs opportunities created through EPWP	776	680	455	478	457	365	547	331	461

T3.3.6 a

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

3.5.1. INTRODUCTION TO WASTE MANAGEMENT

Core functions of waste management are to render the following:

- (a) Solid waste removal and prevention illegal dumping
- (b) Development and Enforcement of Waste Management By-Laws
- (c) Establishment and Management of landfill sites
- (d) Cleaning of public open spaces.

The municipality is currently operating two registered landfill sites situated in Ermelo and Breyten while the others are utilized as transfer stations. Waste recorded from Ermelo landfill site is reported regularly on the South African Waste Information Centre (SAWIC). Medical and other hazardous wastes are not disposed at the municipality's landfill sites. Generators of such waste dispose of it privately. The municipality monitor the handling and disposal of medical waste. Electronic Waste (E-Waste) is collected and disposed of twice per year in collaboration with private partners.

T3.5.1

Solid Waste Service Delivery Levels					
Description	Households				
	2017/18 Actual No.	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.	2021/22
Solid Waste Removal: (Minimum level)					
Removed at least once a week	33,231	34,231	35,324	36,952	37,816
Minimum Service Level and Above sub-total	33,231	34,231	35,324	36,952	37,816
Minimum Service Level and Above percentage	65%	67%	69%	72%	74%
Solid Waste Removal: (Below minimum level)					
Removed less frequently than once a week	809	809	809	809	809
Using communal refuse dump	3,041	3,041	3,041	3,041	3,041
Using own refuse dump	6,974	6,974	6,974	6,974	6,974
Other rubbish disposal	3,176	2,176	2,176	2,176	2,176
No rubbish disposal	3,858	3,858	2,765	1,137	273
Below Minimum Service Level sub-total	17,858	16,858	15,765	14,137	13,273
Below Minimum Service Level percentage	35%	33%	31%	28%	26%
Total number of households	51,089	51,089	51,089	51,089	51,089

T3.5.2

Waste Management Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
To ensure that households are provided with waste removal services.	Number of households with access to refuse removal	34,061	34,231	35,061	35,324	36,154	36,952	37,782	37,816	38,572
To ensure that illegal waste dumping spots are identified cleared and eradicated.	Number of illegal dumping spots identified cleaned per quarter	25	25	20	29	20	49	20	36	0
	Number of illegal dumping sites eradicated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Uninterrupted domestic and businesses waste collection	Number of waste compactor trucks acquired	1	1	1	0	1	1	0	0	0
Clean and waste free environment	Number of waste minimization projects supported	2	2	8	6	6	3	6	26	8
Well managed waste disposal sites	Number of waste disposal sites maintained on a daily basis	2	2	2	2	2	2	2	2	2
Well managed waste disposal sites	Number of waste transfer stations maintained per quarter	3	3	3	3	3	3	3	3	3
Volume of waste being disposed measured for future planning purposes	Number of waste quantity reports submitted to SAWIC annually	2	2	12	12	12	12	12	12	0
Education and creating awareness to communities on cleanliness and environmental conservation	Number of waste educational campaigns conducted quarterly each year	8	8	12	19	13	13	13	12	8
										T3.4.4

Financial Performance: Solid Waste Management Services						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Revenue	32 383	54 366	58 454	58 454	45 055	-30%
Expenditure:						
Employees	23 284	23 730	24 396	24 396	23 249	-5%
Repairs and Maintenance	-	3 582	-	-	29	0%
Other	39 273	30 424	21 173	21 173	30 026	29%
Expenditure	62 557	57 736	45 569	45 569	53 303	15%
Expenditure	(30 174)	(3 370)	12 885	12 885	(8 248)	256%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.4.7

Capital Expenditure: Waste Management Services					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All projects	2472	2472	2472	0%	
Yellow Fleet: Compactor Truck	2400	2400	2400	0%	
Replacement of skips - Business	72			0%	
					T 3.4.9

3.6. HUMAN SETTLEMENT

3.6.1. INTRODUCTION TO HOUSING

The mandate of the housing section in the Municipality is to facilitate and support the provision of human settlement services within the municipality together with the department of Human Settlements, which include the following:

- (a) Identifying of land for human settlement
- (b) Support Department of Human Settlements in identifying potential beneficiaries for low cost housing.
- (c) Management and maintaining of housing waiting list database.
- (d) Management of housing rental stock.
- (e) Managing and Controlling of illegal land invasions.
- (f) Facilitation of land transfers.

T3.5.1

Housing Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: provision of Sustainable Human Settlement										
To ensure continuous communication between the municipality and the DHS on development is maintained	Number of quarterly meetings held with the Provincial Department of Human Settlement	N/A	N/A	4	5	4	4	4	6	4
To ensure that communities are settled on approved townships to access municipal services	Number of 1informal settlements formalized	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
T3.5.3										

T3.5.3

Financial Performance : Housing Services							R'000
Details	2019/20	2020/21	2021/22				
	Actual		Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue		-					0%
Expenditure:							
Employees		-					0%
Repairs and Maintenance	-	-	-	-	-		0%
Other		-					0%
Expenditure	-	-	-	-	-		0%
Expenditure	-	-	-	-	-		0%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.							T 3.5.5

Capital Expenditure: Housing Services

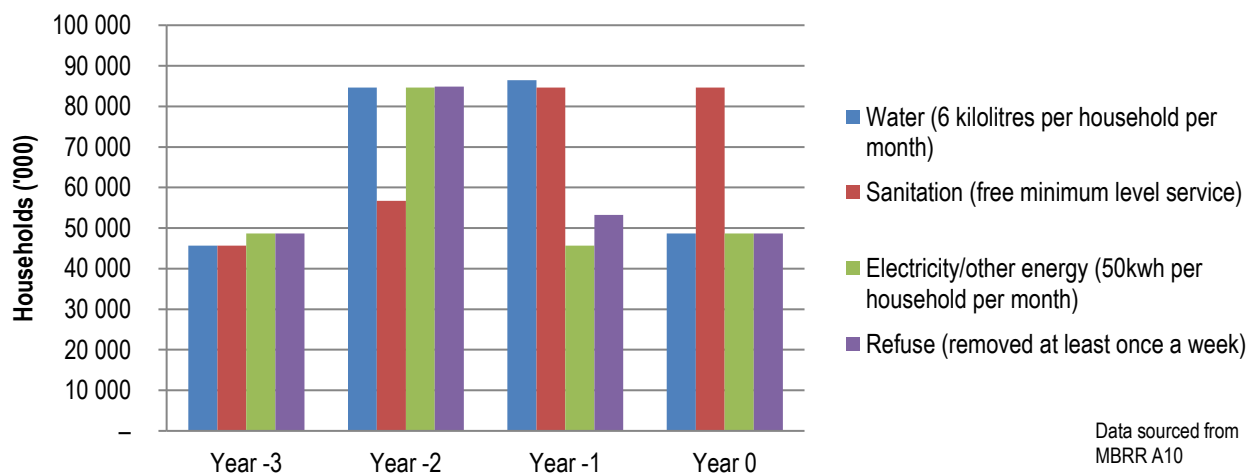
R' 000

Capital Projects	2021/22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	None	-	-	0%	
Land for RDP houses	-	-	-	0%	

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

T 3.5.6

Free Basic Household Services



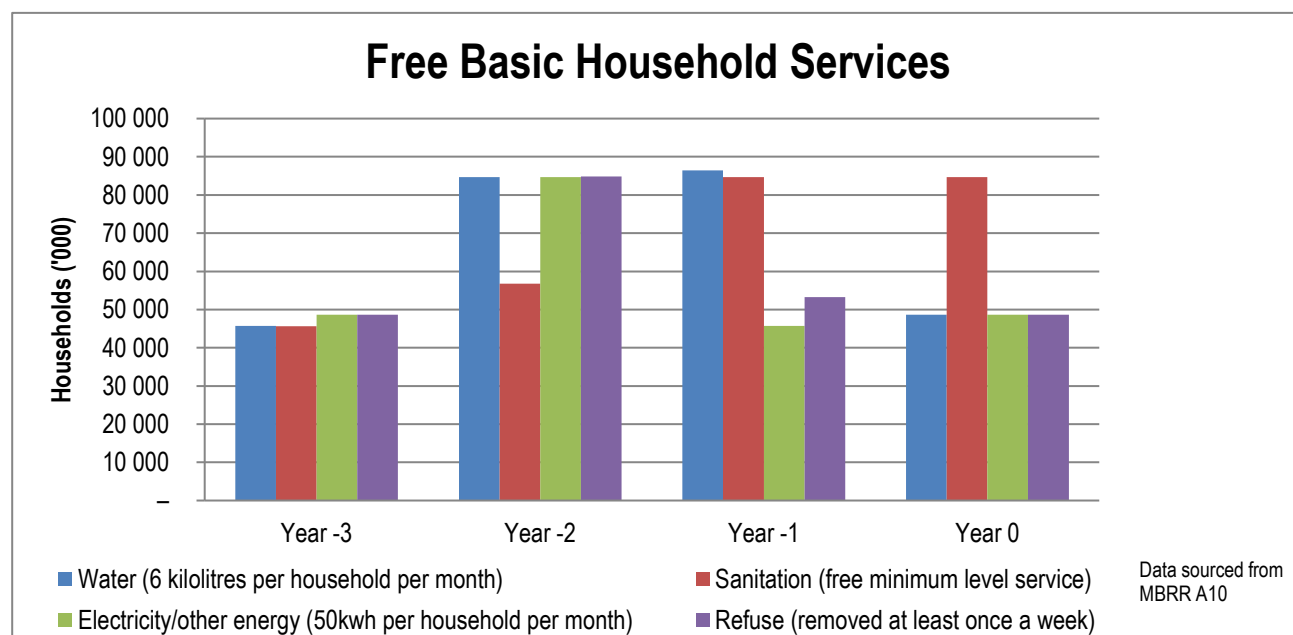
3.7. FREE BASIC SERVICES AND INDIGENT SUPPORT

3.7.1. INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The indigent household subsidy policy was approved as part of budget related policies on the 30th of May 2022. The municipality supported **6,703 registered** indigents of the **8,000** planned indigent households in 2021/22 financial year. The municipality budgeted **R 37 781 992** from equitable share to support indigent consumers and assist with free 6kl of water and 50 kwh of electricity which is provided only to indigent households.

(1) Indigents were supported as follows:

- (a) Free 6kl of water is provided to all registered indigent households.
- (b) 50kw basic electricity
- (c) Free refuse removal (Basic charge per month)
- (d) Free sanitation services (Basic charge per month)
- (e) Property rates – R 55 000 reduction on property value



The following table illustrates how the indigent households that were supported in **2021/2022**:

Electricity	Water	Sewer	Refuse	Rates	Total Amount
R 2 751 000	R 4 243 932	R 13 379 090	R 13 591 322	R 816 648	R 37 781 992

COMPONENT B: ROAD AND STORMWATER

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

3.8. ROADS AND STORM WATER MANAGEMENT

3.8.1. INTRODUCTION TO ROADS AND STORM WATER MANAGEMENT

Road access needs to be provided to all residents, the police and emergency first responders in Msukaligwa. Grants received from Municipal Infrastructure Grant (MIG) and Gert Sibande District Municipality (GSDM) enables the Municipality to upgrade, maintain and re-build municipal roads. During the Integrated Development Planning (IDP) process, projects were identified at the community consultative meetings. Council takes final resolution on projects that will be implemented.

Achievements

In the **2021/2022** financial year, **0.72km** of the planned **2.775 km** roads have been upgraded from gravel to paved roads. The remaining **2.055 km** was in progress as at the end of the financial under review and was impacted by delays caused by the COVID-19 and other related factors. The asphalt roads need to be resurfaced in order to maintain their asset value and for the financial year under review, **24,922.2 m²** of tarred roads have been resurfaced.

(1) Municipal Infrastructure Grant (MIG) has funded the following roads projects:

- (a) Upgrade of Mavundla Street in Ward 17 Multi -Year
- (b) Upgrading of the Wesselson Extension 3 Boxer intersection
- (c) Rehabilitation of Emadamini Ext 6 Taxi collector
- (d) Upgrading of KwaZanele Masizakhe road
- (e) Construction of N17 intersections at Warburton Nganga

(2) OWN Funds has funded the following road project:

- (a) Construction of Wessels Street

The total costs for the upgrading of the roads from gravel to paved surface was **R 19 445 634.06 MIG and R 3 112 740.06 OWN funds** with a total length of **3.25 km** which projects were not fully completed by the end of 2019/2020 financial year and rolled over for completion in the 1st quarter of 2021/2022. Two (s) projects were completed while the others were on an average of 63% completion.

100 Storm water inlets systems were cleaned and broken pipes replaced. Gravel roads were continuously graded and new gravel material was imported to repair roads. Sidewalks are maintained by replacing broken concrete tiles, as well as constructing new sections where there was a need.

T3.7.1

Gravel Roads Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt or paved	Gravel roads graded /maintained
2018/19	3301.13	0	3.3	143.2
2019/20	3301.13	0	0.56	123.6
2020/21	144.345	0	2.775	144,345
2021/22	185.5	0	0.72	185.5
Total	185.5		7.36	185.5

T3.7.2

Asphalted Roads Infrastructure Kilometers					
	Total asphalted and paved roads	New asphalt or paved roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt and paved roads maintained
2017/18	250.7 km	0.5 km	0 km	0 km	249 km
2018/19	251.2 km	3.3 km	0 km	3339 m ²	251.2 km
2019/20	254.5 km	0.58 km	0 km	27,404.54 m ²	254.58 km
2020/21	255,1 km	2.775 km	0 km	23,319.31 m ²	257,5 km
2021/22	257,9 km	0.7 km	0 km	10222,4 m ²	257,9 km
Total		7.85 km	0 km	64285.24 m²	

T3.7.3

Roads and Storm Water Management Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To Provide Sustainable Basic Services and Sustainable Infrastructure										
Kilometres of roads/streets upgraded to asphalt/paved	Well maintained roads infrastructure and storm water drainage systems	5 km	3.3 km	3.25 km	0.58 km	2.8 km	2,775 km	2.34 km	0.72 km	2.95 km
Km of tar roads re-surfaced	Well maintained roads infrastructure	20,000 m²	1,924.9 m²	12,000 m²	27,404.54 m²	12,000 m²	23,319.34 m²	12,000 m²	10222,4 m²	8000 m²
Km of gravel roads maintained	Well maintained roads infrastructure	5 km	143.2 km	20 km	124.699 km	20 km	144.345 km	20 km	185.5 km	30 km
Number of storm water inlets maintained	Storm water drainage systems maintained	48	21	30	156	60	115	60	100	0

Financial Performance: Road Services						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	4 000	3 018	3 018		0%
Expenditure:						
Employees	10 713	11 393	21 257	21 257	10 904	-95%
Repairs and Maintenance	–	2 344	–	–	2 578	100%
Other	58 604	53 378	60 573	60 573	55 366	-9%
Total Operational Expenditure	69 317	67 115	81 830	81 830	68 848	-19%
Net Operational Expenditure	(69 317)	(63 115)	(78 812)	(78 812)	(68 848)	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.7.8

3.9. STORM WATER DRAINAGE

Storm water drainage forms part of the roads and storm water management reported in section 3.8 of this report.

COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

This component deals with planning and local economic development within the municipality.

3.10. PLANNING AND ECONOMIC DEVELOPMENT

3.10.1. INTRODUCTION TO PLANNING AND ECONOMIC DEVELOPMENT

The purpose and function of the Town Planning and Building Control Section is to facilitate the effective implementation and enforcement of the Msukaligwa Spatial Development Framework, the Msukaligwa Land Use Scheme 2021, the Msukaligwa Spatial Planning and Land Use Management By-Law of 2016, the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) and the National Building Regulations. The objectives of the enforcement of the above-mentioned pieces of legislation and policy directives seek to give effect to the following:

- (a) indicate where public and private land development and infrastructure investment should take place;
- (b) indicate desired or undesired utilization of space in a particular area;
- (c) delineate the urban area within a well-defined urban edge;
- (d) identify areas where strategic intervention is required; and
- (e) Indicate areas where priority spending is required.
- (f) ensure compliance with applicable land use and building regulations

The Town Planning Section is composed of the following sub-functions:

- (a) Spatial Planning and Land Use Management
 - (b) Building Control Management
- Geographic Information System (GIS) Management

T3.8.1

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Planning application received	1	1	79	56	237	209
Determination made in year of receipt	0	0	57	42	229	192
Determination made in following year	1	0	21	10	8	17
Applications withdrawn	0	0	0	1	0	0
Applications outstanding at year end	0	1	1	3	0	0

T3.10.2

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure integrated long-term planning										
Number of IDP/Budget Process Plans approved by Council annually	IDP/budget process plan developed and approved by Council every year	1	1	1	1	1	1	1	1	1
Number of Council Approved IDPs by 31 May and submitted to the MEC within 10 days of approval and publicised for public information within 14 days of approval	Council approved IDP by May annually, submitted to the MEC within 10 days of approval and publicized for public information within 14 days of approval	2	2	2	2	2	2	2	2	2
Number of IDP ward consultative meetings held annually	19 IDP public participation meeting held by October each year	19	13	19	16	19	19	19	19	19
Number of Budget/IDP consultative meeting held annually	19 Budget / IDP public participation meetings held by 30 April each year	19	19	19	19	19	19	19	19	19
Number of quarterly IDP Rep-Forums held	4 IDP Rep forums held quarterly each year.	4	2	4	2	4	2	4	2	4
Number of performance agreements signed annually	Six performance agreement signed each year for Senior Managers	-	-	6	6	6	6	6	6	6
Number of performance evaluations conducted annually	2 formal performance evaluations conducted annually	-	-	2	3	2	2	2	0	4
Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 August each year	1 Annual Performance Report compiled in terms of Sec. 46 of MSA submitted to Council, PT, AG & COGTA by August each year	1	1	1	1	1	1	1	1	1
Number of Annual Reports submitted to relevant stakeholders by 31 March each year	2 Annual Report compiled and submitted to Council, PT, AG & COGTA (draft and final AR)	2	2	2	2	2	2	2	2	2

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
Service Indicators		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Number of SDBIP quarterly reports tabled in Council annually	Four (4) quarterly SDBIP reports prepared and submitted to the Council each year	4	4	4	4	4	4	4	4	4
Number of SDBIPs approved 28 days after budget approval	One municipal SDBIP approved by the Executive Mayor 28 days after the approval of the annual budget.	1	1	1	1	1	1	1	1	1
Number of Internal Audit Annual Plans approved	Internal Audit Annual Plan approved by the Audit Committee	1	1	1	0	1	1	1	0	1
Number of Audit Committee meetings held annually	4 quarterly Audit Committee meetings held	4	4	4	7	4	4	4	7	4
Number of Integrity Management and fraud prevention awareness programmes held annually	2 Integrity Management and fraud prevention awareness programmes held	2	0	2	0	2	0	2	0	0
Annual Risk Register developed and approved	1 Annual Risk Register developed and approved by RMC	1	1	1	1	1	1	1	0	1
Number of quarterly risk management reports submitted to Risk Management Committee (RMC) annually	4 Risk Management report submitted RMC by June each year	4	0	4	4	4	4	4	4	4
Number of media analysis reports produced annually	4 Quarterly media analysis reports produced	0	0	12	11	12	12	12	12	12
Number of postings on official Facebook account annually	Postings on official Facebook made continuously as and when required	0	0	200	938	400	400	959	742	400
Number of website updates made annually	Website updates made continuously as and when required	0	0	120	228	120	120	286	0	120
Percentage of compliant building plans processed within 60 days	100% of compliant building plans applications received and	100%	87%	100%	87.5%	100%	100%	100%	100%	100%

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
Service Indicators		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
	processed within 60 days of receipt									
Number of building and land use contraventions issued quarterly	Building and land use contraventions issued quarterly	N/A	N/A	100	108	100	102	100	100	100
Percentage building and land use contraventions referred to Legal section after 60 days (Within 90 days from date of first notice)	100% building and land use contraventions referred to Legal section	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of compliant Land Use and Land Development Applications considered by the Land Development Officer within 30 days	100% compliant Land Use and Land Development Applications considered by LDO	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of SPLUMA compliant Certificates issued within 28 days	To ensure Building Regulations and land use compliant structures and organized settlements	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	100%
Percentage of land use and building complaints investigated within 14 days	To ensure that all land use building complaint are timeously investigated and addressed.	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	100%
To reduce Municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50%
To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	70%
										T3.10.3

Financial Performance: Planning Services						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 623	–	4 833	4 833	10 372	0%
Expenditure:						
Employees	7 911	–	13 796	13 796	1 346	-925%
Repairs and Maintenance	–	–	–	–	–	0%
Other	1 469	–	4 660	4 660	2	-206827%
Total Operational Expenditure	9 380	–	18 456	18 456	1 349	-1268%
Net Operational Expenditure	(6 757)	–	(13 623)	(13 623)	9 023	251%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.10.5

Capital Expenditure: Planning Services					
					R' 000
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	None	-	-	0%	
-					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The major project in the planning unit which has rolled-over from preceding years was the establishment of a township on Portion 17 of the Farm Nooitgedacht 262-IT. The township establishment application was approved by the Gert Sibande District Municipal Planning Tribunal in March 2022. The project can be considered to be 80% complete as the only remaining item is the opening of the township register (for title deeds) and proclamation of the township. In the 2020/21 Financial year, the PED department also worked on the development of a SPLUMA compliant land use scheme. The project was completed in 2021, with the land use scheme being proclaimed in March 2021. The PED department also facilitated the approval of the formalisation of the KaMabuzza Informal Settlement, the formalisation was approved in October 2021. This a multiyear project funded by the department of Human Settlements, the project can be considered to be 50% as all the town planning approvals have been obtained, save for the registration of the General Plan. In the 2021/22 financial, the municipality received an application for the formalisation of the Nyibe informal settlement. The project is also funded by the department of human settlements. The project is still undergoing the town planning compliance procedure.

In as far as our mandate to ensure compliance by enforcing applicable municipal land use and building regulations, achieving 100% in how we administer land use and building contraventions means that we are able to effectively respond to public complaints and detected cases of non-compliance within the legislated timeframes. We are further committed to maintaining the above status quo. Since the promulgation of the Spatial Planning and Land Use Management By-Law on the 23rd of April 2016, the Section has been successfully implementing the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) (SPLUMA) in the assessment of new land use and development applications.

T3.10.7

3.11. LOCAL ECONOMIC DEVELOPMENT

3.11.1. INTRODUCTION TO ECONOMIC DEVELOPMENT

The purpose of Local Economic Development (LED) is to facilitate the growth and sustenance of the local economic capacity for all communities; and to improve economic future prospects that would enhance the quality of life for all. The purpose is also to ensure that plans are in place to improve the socio-economic status of the municipality through infrastructure development. Through the engagements and partnership with other stakeholders, a number of Local Economic Development (LED) objectives such as business opportunities for locals, youth skills development, employment and poverty alleviation were achieved.

The development of the Local Economic Development (LED) strategy for Msukaligwa local municipality was viewed as part of the broader Local Economic Development (LED) Planning process and the development of this strategy took into account work previously done as well as the new developments.

The municipality has reviewed its LED strategy which is a plan that identifies projects of a catalytic nature to address existing and new developments within the municipal area. That is, projects that will have a meaningful impact on the local economy of Msukaligwa Local Municipality and subsequently address the nation-wide triple challenges of unemployment, inequalities and poverty.

The municipality is also working hard to re-establish the Local Economic Development Forum, which will be a platform where LED stakeholders engage on matters relating to the economic growth of the municipality.

(1) Key stakeholders in Local Economic Development (LED) planning, implementation and evaluation are:

- (a) Government
- (b) State enterprises
- (c) Private sector
- (d) Community structures

(2) The LED Vision Elements and Objectives:

Key Vision Elements:

- (a) Creation of job opportunities and the empowerment of local communities.
- (b) SMME development and support.
- (c) Sustainable growth and development based on sectoral competitiveness of the local space.
- (d) Addressing socio-economic challenges faced by local communities, such as poverty, unemployment and skills levels.

3.11.2. JOB CREATION PROJECTS

There is also an initiative from the State Owned Enterprise, TRANSNET, to extend the railway line from Lothair to Swaziland in order to improve transportation of goods between South Africa and Swaziland, which will in turn alleviate the road transportation burden as well as creating job opportunities. Another initiative from the State Owned Enterprise, SANRAL, is the construction of the Ermelo Ring Road, which will in turn contribute to job opportunities. In improving the transport system, the government commits to shift the transportation of coal from road to rail in order to protect the provincial roads through a planned construction of Majuba Rail coal line linking to the existing rail line in Msukaligwa to Majuba power station. The Majuba rail coal line project has been commissioned and number jobs were created.

Since the commissioning of the above-mentioned project, skills transfer for non-contractual targets has resulted in 560 candidates to be trained. In terms of skills development the following skills were transferred to locals:

- (a) Artisanal assistants;
- (b) Environmental officers;
- (c) Laboratory technicians;
- (d) Operators; and
- (e) Quality

Economic Sector Contribution to the District Economy		
Sector	2020/21	2021/22
Agric, forestry and fishing	19.9%	18.5%
Mining and quarrying	11.8%	5.6%
Manufacturing	4.2%	5.6%
Wholesale and retail trade	21.2%	23.3%
Finance, property, etc.	23.7%	24.5%
Govt, community and social services	20.9%	23.0%
Construction services	15.4%	17.0%
Transport	28.5%	31.0%
Utilities	13.3%	19.2%
Total	15.4	16.7%
	T3.11.2	

Jobs Created during 2021/22 by Local Economic Development (LED) Initiatives (Excluding Extended Public Works Programme (EPWP) projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Initiative A	266	None	None	
Initiative B	None	None	None	
Initiative C	None	None	None	
				T3.11.5

Job creation through Extended Public Works Programme (EPWP) * projects			
Year	Extended Public Works Programme (EPWP) Projects	Community Workers Programme (CWP)	Jobs created through Extended Public Works Programme (EPWP) projects

	No.	No.	No.
2017/2018	16 projects	1100 Jobs created	184 Jobs created
2018/2019	26 projects	0	680 Jobs created
2019/2020	17 Projects	0	443 Jobs created
2020/2021	26 projects	0	365 jobs created
2021/2022	20 projects	0	331 jobs created
* - Extended Public Works Programme			
T3.11.6			

Local Economic Development Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators										
Service Objective: To encourage shared economic growth and development										
Number of LED Forum Meetings held	Functional Local economic development forum	4	0	4	0	0	0	0	0	2
Number of monthly Social Labour Plans meetings held by 30 June 2019	Local economic growth	12	12	12	12	20	20	20	20	24
Number of Local SMMEs and Cooperatives supported and registered	Support provided to SMMEs	12	11	12	13	20	20	20	26	20
T3.11.7										

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes libraries and archives; museums, arts galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.12. LIBRARIES AND COMMUNITY FACILITIES

3.12.1. INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

The Public Libraries of Msukaligwa are positioned to be a local gateway to information and knowledge. They provide an opportunity for lifelong learning, independent decision-making and cultural development of individuals and social groups. The Libraries are established, supported and funded by Msukaligwa Municipality together with the Provincial Government. Msukaligwa Libraries provide access to information, knowledge and expand the imagination through a range of resources and services because the libraries are equally accessible to all members of the community regardless of race, nationality, gender, religion, language, disability, economic and employment status and educational attainment.

(1) The libraries carry out a number of programmes such as:

- (a) Readathon Programme
- (b) World Book Day
- (c) South African Library Week

(2) We have a total of nine (9) libraries and eight (8) libraries are fully functional while KwaZanele library is not yet functioning due to staff issues and will be back to operation once this issue is sorted. The libraries are situated in the following areas:

- (a) Ermelo
- (b) Wesselton
- (c) Cassim park
- (d) Chrissiesmeer
- (e) Davel
- (f) Breyten
- (g) Kwazanele
- (h) Silindile
- (i) Thusville

The Libraries have been able to provide resources and services in a variety of medium to meet the needs of individuals and groups for education, information and personal development including recreation and leisure. They are constantly playing an important role in the development and maintenance of a democratic society by giving the individual access to a wide and varied range of knowledge, ideas and opinions. One of our achievements was being able to create and strengthen the reading habits in children from an early age. Libraries have managed to engage most schools within the vicinity of the libraries to participate in the activities of the libraries, which are aimed at enhancing and empowering the learners of these schools.

All Libraries are a local centres of information making all kinds of knowledge and information readily available to users. The other one of our achievements as Msukaligwa Libraries is that we have managed to bridge the gap between the information rich and the information poor by providing public access to the Internet as well as providing information in traditional formats.

All nine libraries provide electronic corners in their facilities which give free access to the internet and personal computing. Therefore, Msukaligwa Libraries continue to provide services, which are aimed at meeting the needs of the local communities and continue to be a dynamic information hub in line with government's pathway to the 4th Industrial Revolution.

T3.12.1

Libraries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Number of library event and programmes rolled out	Library information reaching wider community	4	18	5	6	2	0	2	2	10
T3.12.3										

T3.12.3

Financial Performance Year: Local Economic Development Services						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	-	-	-	-	-	0%
Repairs and Maintenance	-	-	-	-	-	0%
Other	-	-	-	-	-	0%
Total Operational Expenditure	-		-	-	-	0%
Net Operational Expenditure	-		-	-	-	0%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.11.9

Capital Expenditure: Economic Development Services					
					R' 000
Capital Projects	2021/22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	-	-	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
					T 3.11.10

Financial Performance: Libraries and Community Facilities						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	37	32	14	14	10 372	100%
Expenditure:						
Employees	4 838	5 023	6 014	6 014	1 346	-347%
Repairs and Maintenance	-	-	5	5	-	0%
Other	1 147	1 053	770	770	2	0%
Total Operational Expenditure	5 985	6 076	6 789	6 789	1 349	-403%
Net Operational Expenditure	(5 948)	(6 044)	(6 775)	(6 775)	9 023	175%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.12.5

Capital Expenditure: Libraries and Community Facilities;					
R' 000					
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.12.6					

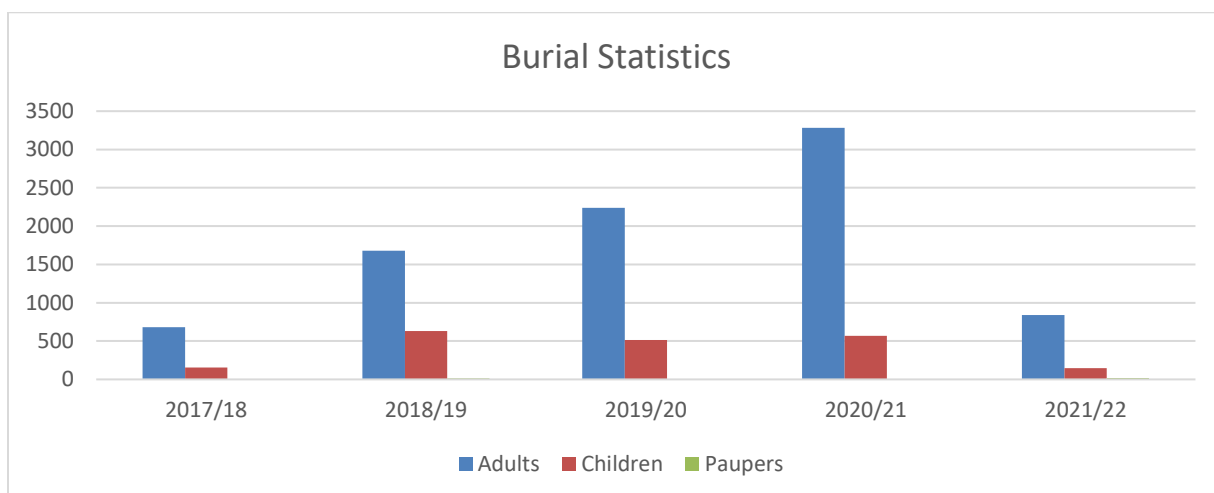
3.13. CEMETERIES AND CREMATORIUMS

3.13.1. INTRODUCTION TO CEMETERIES & CREMATORIUMS

The top priorities of the municipality in relation to cemeteries are to provide burial space as required by legislation and maintain it to the required standards, securing and fencing of the cemeteries and the enforcement of the by-laws. Msukaligwa municipality has 21 cemeteries of which 6 of them are still in an operational state whereas 15 are closed. It is imperative to provide the community with burial facilities that will be able to meet the demand. It is envisaged that the Municipality will not run out of burial space for the next five to ten years. Plans are in place to extend cemetery services to areas where they are currently not provided i.e. Warburton/Nganga.

T3.13.1

Burial Statistics				
Group	2018/19	2019/20	2020/21	2021/22
Adults	1680	2238	3281	841
Children	632	513	570	145
Paupers	13	3	0	17
T3.13.2				



T 3.13.2a

The burial statistics are only for those cemeteries that are registered. There are areas where the burials are not accounted for due to the cemeteries or graveyards not being registered. Some graveyards are located on private farms which cannot be account for.

Cemeteries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of cemeteries maintained annually	Well maintained and aesthetic cemeteries	14	14	14	15	14	14	14	14	14
T3.13.3										

T3.13.3

Financial Performance: Cemeteries and Crematoriums						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	533	861	610	610	863	29%
Expenditure:						
Employees	2 977	3 186	6 014	6 014	3 511	-71%
Repairs and Maintenance	–	–	5	5	12	0%
Other	300	265	770	770	20	-3759%
Total Operational Expenditure	3 277	3 451	6 789	6 789	3 543	-92%
Net Operational surplus/deficit	(2 744)	(2 590)	(6 179)	(6 179)	(2 680)	-131%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.13.5

Capital Expenditure: Cemeteries					
					R' 000
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
					T 3.13.6

(1) There are two main challenges in rendering proper services which are:

- (a) The staff component at the municipal units outside of Ermelo is not assigned to specific tasks and they are doing rotational work from one division to the other. Only the Ermelo unit staff is assigned to specific tasks.
- (b) The other challenge in rendering proper services is obsolete equipment which the municipality is unable to replace due to financial constraints.

COMMENT ON THE PERFORMANCE OF CEMETERIES OVERALL

The priority projects were to fence all the existing and new cemeteries and to establish new cemeteries in those areas where there are no cemeteries. Most of the cemeteries have been fenced, and only seven (7) out of 21 of the existing cemeteries have not been fenced and are in the Municipality's plans to be fenced. The only area without a registered cemetery is Warburton/Nganga and the municipality is a process of establishing a cemetery at that area or unit.

T3.13.7

3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

Child care, aged care and social programmes are not the competency of the Local municipality but the District Municipality.

T3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control, biodiversity and landscape

3.15. POLLUTION CONTROL

This function does not fall within the municipality's competency and is being performed by the District Municipality.

3.16. BIO-DIVERSITY AND LANDSCAPE (INCL. OPEN SPACES AND SIDEWALKS)

3.16.1. INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

These services include the administration, development and upgrading of parks, maintenance of open spaces, parks, sidewalks, street trees and general cleanliness of the towns and its grounds. The main priorities in the parks division is to repair and replace all dilapidated playing ground facilities and to maintain parks, sidewalks and municipal terrains. Support is given to communities during the cleaning campaigns through provision of equipment and cleaning material.

T3.16.1

3.16.2. SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The towns are divided into sections for the cleaning and cutting of grass as well as the general maintenance of parks and open spaces. Therefore, the cutting of grass in parks, open spaces and sidewalks is done on a monthly basis. Inadequate staff and equipment remain a challenge leading to some areas not being attended to on time as per the maintenance plan.

T3.16.2

Parks (Open Spaces) Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of parks maintained annually	Well maintained parks	55	55	27	26	27	27	27	27	27
										T3.16.3

T3.16.3

Employees: Parks (Open Spaces)					
Job Level	2019/20	2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	% Vacancies (as a % of total posts)
Forms part of the cemeteries and crematoriums in section 3.13					

T3.16.4

Financial Performance: Parks and Recreation						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–	0%
Expenditure:						
Employees	7 617	7 580	7 561	7 561	7 039	-7%
Repairs and Maintenance	–	–	200	200	65	0%
Other	943	568	585	585	397	0%
Total Operational Expenditure	8 560	8 148	8 346	8 346	7 501	-11%
Net Operational Expenditure	(8 560)	(8 148)	(8 346)	(8 346)	(7 501)	-11%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.16.5

Capital Expenditure: Parks and recreation					
					R' 000
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
					T 3.16.6

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17. HEALTH SERVICES

This is the function of the Provincial Department of Health.

3.18. CLINICS

This is the function of the Provincial Department of Health. The municipality only renders support services in respect municipal services and services infrastructure.

3.19. AMBULANCE SERVICES

This is the Function of the Department of Health and private ambulance services. The municipality renders emergency support services in respect of rescue and fire services. The services include use of Jaws of Life in case vehicle accidents and rescue services in case fire in buildings and veld fires.

3.20. HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

This is the function of the District Municipality.

COMPONENT G: SECURITY AND SAFETY

This component includes: Traffic; fire; disaster management, licensing, control of animals and control of public nuisances, etc.

3.21. TRAFFIC SERVICES

3.21.1. INTRODUCTION TO TRAFFIC SERVICES

The Traffic Department is responsible for traffic-law enforcement and the administration thereof. This function also ensures the technical sustainability of road traffic signs, signals and markings throughout the municipal area. The main focus is to ensure a reduction in the road accidents death rate, compliance to road rules and regulations and free flow of traffic. The following activities are performed to ensure improvement in the municipal traffic services:

- (a) High visibility patrols;
- (b) Effective law enforcement;
- (c) Effective law speed enforcement;
- (d) Attend to accident scenes;
- (e) Escort duties for funerals, abnormal loads and dignitaries;
- (f) Traffic education in schools;
- (g) Road blocks;
- (h) Point duties;
- (i) Scholar patrols; and
- (j) Other related traffic duties.

T3.21.1

Municipal Traffic Service Data						
	Details	2019/20	2020/21	2021/22		2022/23
		Actual No.	Actual No.	Estimates No.	Actual No.	Estimates No.
1	Number of traffic accidents during the year	1158	1 093	1 093	1273	1300
2	Number of by-law infringements attended	15	20	20	17	20
3	Number of traffic officers in the field on an average day	10	7	7	10	10
4	Number of traffic officers on duty on any average day	10	1 093	1 093	10	10
						T3.21.2

Traffic Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of road safety awareness campaigns conducted at school	Promoting road safety awareness at schools and public at large	12	20	12	18	9	0	9	7	12
Number of roadblocks conducted	Roads safety and Crime prevention	12	19	12	23	12	20	12	18	12
										T3.21.3

COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL

In relation to Traffic control and Safety under the Community and Social Services Department, the municipality has a responsibility for law enforcement and the issuing of traffic fines amongst other related functions. The section is facing a number of challenges ranging from capacity constraints to limited working tools, whereas the municipal area has experienced a steady vehicle population growth over the years. A proper budgetary allocation is an important consideration in order to improve the quality of service delivery from the section.

T3.21.7

3.22. FIRE AND RESCUE SERVICES

3.22.1. INTRODUCTION TO FIRE SERVICES

Msukaligwa fire and rescue services is a public organization that provides predominantly emergency, firefighting and rescue services in the jurisdiction area of Msukaligwa Municipality (MP302). The fire service have two fire stations within its boundary and are staffed by full-time firefighters and currently providing a service to a population of 164,377 people and covering an area of 6016km².

The fire service also provide "fire protection" or fire prevention services, whereby firefighters visit homes and businesses and give fire safety advice to members of the public. We see fire protection or prevention as an important role for the fire services, as preventing a fire from occurring in the first place can obviously save lives.

The fire service also carry out an enforcement role, to ensure that commercial dwellings (hotels, offices, factories etc.) are equipped with adequate fire precautions to ensure that in the event of fire, people can safely evacuate the premises unharmed. This is also part of the protection or prevention role.

The Fire Service annually conducts a survey within its jurisdiction and use the data for deploying its assets for proper coverage. This data comes from travel time, range from stations, and population survey. This brings equal service to the entire community and gives the department efficient places to launch operations..

T3.22.1

Municipal Fire Service Data										
	Details	2019/20		2020/21		2021/22		2022/23		
		Actual No.		Actual No.		Estimate No.		Actual No.		Estimate No.
1	Total fires attended in the year	205		176		176		210		210
2	Total of other incidents attended in the year	107		109		109		222		222
3	Average turnout time - urban areas	13		13		13		12		13
4	Average turnout time - rural areas	45		23		23		23		23
5	Fire fighters in post at year end	22		28		28		27		32
6	Total emergency vehicles at year end	5		10		3		5		8
7	Average number of appliance off the road during the year	4		0		4		3		0
T3.22.2										
Fire Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Percentage of fire and emergency community safety incidents attended to within pre-determined timeframes in accordance with SANS 10090	Turnaround time compared to National guidelines	85%	79%	67%	78%	70%	77%	78%	83%	82%
Number of fire safety inspections conducted	Fire Safety inspections and risk visits conducted in terms of National guidelines	540	704	540	598	540	742	700	664	700
Number of fire safety awareness campaigns conducted (PIER)	Provide fire safety awareness to communities and schools	24	18	24	35	9	22	20	42	40
T3.22.3										

Financial Performance: Fire Services						
R'000						
Details	Year 2019/20	Year 2020/21	Year 2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational	2 561	923	1 267	1 267	1 839	31%
Expenditure:						#DIV/0!
Fire fighters	11 323	11 381	14 302	14 302	11 660	-23%
Other employees	-	-	-	-	-	#DIV/0!
Repairs and Maintenance	-	171	159	159	44	-264%
Other	1 900	1 175	3 215	3 215	1 150	-180%
Total Operational	13 223	12 727	17 676	17 676	12 854	-38%
Net Operational	(10 662)	(11 804)	(16 409)	(16 409)	(11 015)	-49%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.21.5

Capital Expenditure: Fire Services					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.21.6					

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

(1) Summary of difficulties experienced

(a) Siting of fire stations and determination of station areas: (SANS 10090-Point 5.2.2.4)

No fire stations in Silindile, Warburton, Sheepmoor, Chrissiesmeer and Davel is still an ongoing burden. Services are still rendered to the entire municipal area via two fire stations. Due to the distance to be travelled, the fire service can only reach these town areas within 60 to 75 minutes which is far beyond the national standard to provide a response within 13 minutes to the communities in these towns.

(b) Fire truck availability: SANS 10090-Point 5.2.2.2

During 2019/20, only three fire trucks were operational to provide fire and rescue services in the entire municipal area of 6016km².

Currently the service does not have any reserve fire trucks to be used as front line runners should any one of the current fire trucks breaks down. (SANS 10090-Point 5.3.4 – Fire departments should maintain a reserve emergency vehicle fleet to ensure that the number of vehicles required to attend an incident, can be maintained even when frontline emergency vehicles are undergoing maintenance or repair.)

The slow progress on the appointment of a service provider to service and maintain the emergency fleet contributes to emergency vehicles being out of service for a prolonged period of time.

(c) Manning level: SANS 10090-Point 5.2.2.2.1.

Staffing level per shift are currently below the national norm due to the high vacancy rate within the fire and rescue service and the failure by human resources to fill the vacant positions. Station 2 (Breyten) still operates with only two fire fighters per shift.

Various requests and information have been submitted in this regard and to date the six (6) vacant and budgeted positions are not filled.

(d) Weight and speed of response:

During the monthly consolidation of the response times it was recorded that from the 55 emergency calls attended, 84% of the calls were attended in the pre-determined frames as provided in SANS 10090. This was achieved with only three fire trucks operational in June 2019, (SANS 10090-point 5.2.2) and with no rescue vehicle.

(e) Non-compliance: Basic conditions of employment act, Section 9 - Ordinary hours of work

The shift hours worked by the fire fighters are currently in excess of the permissible working hours of 40 hours per week. Shift hours per shift worked are current 120 hours per week.

(f) Telephone lines (SANS 10090-Point 5.2.3.2)

The telephone system at station 2 (Breyten) is out of service for the past year and there is no progress in this regard.

Currently community members are complaining that the call centre is not available when there is an emergency. The telephone line requirements for Msukaligwa municipality are as follows; 3 dedicated lines are required when you serve a community with a population of 125001 to 300000 people. Currently the call centre operates with one line that deals with, public queries, inquiries, complaints and emergency calls.

(g) Emergency access to emergency areas.

The service is experience difficulty to reach some emergency incidents in town areas (Wesselton, Ext 32, 33 & 34 and Kwazanele) due to deteriorating or no access roads to such areas.

(h) Stand addresses

Due to no proper display of stand numbers, the fire service is delayed due to the fact that the responding crews must drive around an area to obtain the correct location of the stand or area.

(i) By-law (promulgation)

The draft fire service by law will be presented in September 2020 to the By Law and Policy Committee for consideration and if supported during October 2020 be advertising in the local newspaper for community comments.

(2) Summary of accomplishments

Fire prevention and code enforcement remains a priority of the fire service to ensure pro-activeness in preventing fire incidents.

Community education programs are providing to educate adults and children about fire safety and injury prevention. Community preparedness programs are providing to the community in the form of training and education to give them basic knowledge to become self-sufficient following natural or human-made disasters.

The municipality is situated on the high veld and is annually facing the risk of losing millions in damages caused by run-away veld fires. In conjunction with Working on Fire aerial firefighting resources (Spotter fixed wing and a helicopter) are stationed at Ermelo and available to the municipality to assist with the combating of major run-away fires to prevent the loss of lives, property and the environment.

Approval of a five (5) year fire service master plan (Council resolution 704/06/2020).

(3) Fire Protection Association

The municipality is a fully paid up member with both the fire protection associations seated within the municipal area namely Impuluzi Fire Protection Association and Msukaligwa Fire Protection Association.

(4) Smart Goals Summary

The service will continue to update their legal agreements and by-laws to ensure they are at the most appropriate stage of readiness. Additionally improve upon existing capital funding to ensure a consistent long term stable level of funding has not been achieved. The Fire Services will strive to improve upon their training to enhance the Health and Safety of the Fire Fighters. Additionally, live fire training along with specialty skills training will be started.

The construction of the Lothair fire station (Station 3) did also get momentum as the requirements for the station was approved and the appointment of an architect was done.

During 2020/21 the Fire and Rescue Services has again petitioned for funding of additional fire engines and the opening of 4 additional fire stations in Msukaligwa Municipal area and due to financial constraints this was not successful..

The enhancing of the emergency management capabilities of the municipality is an on-going responsibility of the fire service with all its stakeholders.

T3.22.7

3.23. DISASTER MANAGEMENT

3.23.1. INTRODUCTION TO DISASTER MANAGEMENT

The Disaster Management Function manages and controls the key performance areas associated with the disaster management and security functionality through inputs into the design, development of approved policies, alignment of procedures, systems and controls guiding critical interventions and processes with respect to loss control, risk reduction and elimination and, providing advice, information and guidelines on critical initiatives related to legislative imperatives with a view to sustaining interventions and supporting an integrated approach to protecting Council property and the building of resilient individuals, households and communities within the context of the Integrated Development Plan (IDP).

The unit is also responsible for rendering an effective and efficient customer care management service and the allocation of adequate resources to address identified security threats and risks.

(1) The function of the Disaster Management Section services is administered as follows and includes:

- (a) To prevent or reduce the severity of hazards
- (b) To ensure the preparedness of the community itself
- (c) To provide an effective response should disaster occur
- (d) To provide recovery after disaster

(2) The strategic objectives of this function are to:

- (a) To reduce or avoid the human, physical and economic losses suffered by individuals, society and community at large.
- (b) To enhance management system or function within the municipal area for the safety of the community and households including the property protection.
- (c) To promote an integrated and co-coordinated approach to disaster management.
- (d) To act as information repository for disaster management related issues.
- (e) To promote research to all aspects of disaster management.
- (f) To disseminate information regarding disaster management in the municipal area.
- (g) To promote the recruitment, training and participation of volunteers in the municipality.

- (h) To establish a disaster management advisory forum consisting of all role-players
- (i) To provide an integrated and coordinated disaster management policy framework that focuses on prevention or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective responses as required by the act

T3.23.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT

(3) Summary of achievements

- (a) The Unit has managed to conduct a number of disaster management awareness campaigns around the municipal area of jurisdiction.
- (b) Impact assessments were conducted on time to all incidents reported to the function and those families or individuals were provided with necessary assistance from the Disaster Management Centre.
- (c) The approval of the Reviewed Disaster Council Resolution: LM798/10/2020)

The key issues for 2020/2021 FY were:

- (d) Shortage of staff
- (e) Budget Constraints

T3.23.2

Disaster Management Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets			2018/19		2019/20		2020/21		2021/22
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Percentage of disaster incidents responded to within 24 hours	Providing disaster relief to affected communities	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of disaster awareness campaigns Conducted	Educating community on possible disasters and mitigation thereof.	12	20	12	11	9	10	12	13	12
T3.23.3										

T3.23.3

Financial Performance Year: Disaster Management Etc						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Revenue	-	-	30 934	30 934	30 702	-1%
Expenditure:						#DIV/0!
Employees	-	4 962	4 919	4 919	4 168	-18%
Repairs and Maintenance	-	-	15	15	2 172	99%
Other	-	21 333	25 944	25 944	26 532	2%
Expenditure	-	26 295	30 878	30 878	32 872	6%
Expenditure	-	(26 295)	56	56	(2 170)	103%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.22.5

Capital Expenditure: Disaster Management					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
					T 3.22.6

3.24. LICENSING

3.24.1. INTRODUCTION TO LICENSING SERVICES

The licencing function of the municipality deals with services including registration and licensing of vehicles, testing of roadworthiness of vehicles and issuing of road worthiness certificates, conducting learners and driving licences tests, issuing of learners and drivers licences, issuing of professional driving permits, administering instructors' certificates and issuing of temporary and special permits.

The top 3 priorities of the licensing division is to increase the number of people tested for learners and driving licences, limit the number of unroadworthy vehicle on municipal and provincial/national roads and maintain and ensure compliance to the National Road Traffic Act 93/1996 and other related legislations.

The plan was to establish service centres in Cassim Park, Lothair and Davel to alleviate overcrowding at the Ermelo Testing centre. The post office has been task with the renewal of motor vehicle licenses to ease overcrowding at Ermelo Testing Centre. The other plans were put into abeyance due to COVID 19 restrictions.

T3.24.1

Municipal Licensing Service Data					
	Details	2019/20	2020/21	2021/22	2022/23
		Actual No.	Actual No.	Actual No.	Estimate No.
1	Total number applications for learners licenses received	1,852	3,000	2,106	2,400
2	Total number of applications for driving licenses received	5,057	4,000	3,575	2,000
3	Total number vehicles tested for roadworthiness	991	1,200	1,086	400
					T3.24.2

Licensing Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of learner driver licence applications received and processed	Competent drivers	4,300	2,777	3,000	1,852	3,000	2,252	2400	2,106	2,400
Number of driver licence applications received and processed	Competent drivers	4,000	6,858	4,000	5,057	4,000	3,767	2000	3,575	2,000
Number of for road worthiness application Received and processed.	Safe and roadworthy vehicles	1,220	1,568	1,220	991	1,200	715	400	1,086	400
										T3.24.3

COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

The plan was to establish service centres in Cassim Park, Lothair and Davel to alleviate overcrowding at the Ermelo Testing centre.

T3.24.5

COMPONENT H: SPORT AND RECREATION

This component includes sports fields; sports halls; stadiums; swimming pools; and sport promotion.

3.25. SPORT AND RECREATION

3.25.1. INTRODUCTION TO SPORT AND RECREATION

The mandate of the section is to provide, maintain and manage sports and recreational facilities. Promotion of sports and assisting athletes who participate at regional, provincial and national level with transport and other logistical arrangements also form part of the municipality's mandate.

The municipality is currently managing and maintaining 19 sports facilities that cut across all sporting codes. Only Ermelo has facilities of reasonable standards while the other six units within the municipality are still having challenges with sub-standard sports facilities.

Due financial constraints, the municipality could not provide support to sporting activities for the financial year under review.

T3.25.0

3.25.2. SERVICE STATISTICS FOR SPORT AND RECREATION

The municipality facilitates and supports the following sporting codes:

Soccer; Rugby; Netball; Tennis; Korfball; Wrestling; Gymnastics; Basketball; Volleyball; Swimming; Karate; Table tennis; Indigenous games, bowling, golf, athletics, pool, squash, pigeon racing club, hockey and Cricket.

T3.25.1

Sports Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Number of sports facilities maintained	Well maintained sports facilities	12	12	12	12	12	12	12	12	12
T3.25.2										

T3.25.2

Financial Performance Year : Sport and Recreation							R'000
Details	2019/20	2020/21	2021/22				Variance to Budget
	Actual	Actual	Original Budget	Adjustment Budget	Actual		
Revenue	-	12	67	67	10		-570%
Expenditure:							
Employees	1 322	1 375	2 974	2 974	2 828		-5%
Repairs and Maintenance	-	-	200	200	140		-43%
Other	9 995	8 877	8 713	8 713	17		-49769%
Expenditure	11 317	10 252	11 886	11 886	2 985		-298%
Expenditure	(11 317)	(10 240)	(11 819)	(11 819)	(2 975)		-297%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.							T 3.23.4

Capital Expenditure: Sport and Recreation					
					R' 000
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

None.

T3.25.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.26. EXECUTIVE AND COUNCIL

(1) The municipality is having a Mayoral Committee, which are leading different Portfolio Committees:

- (a) MMC for Corporate Services – MMC TJ Madlala
- (b) MMC for Technical Services- MMC TC Motha
- (c) MMC for Planning and Economic Development- MMC BJ Motha
- (d) MMC for Community and Social Services - MMC SE Ngovene
- (e) MMC for Finance – MMC EC Msezane.

(2) Council has appointed 08 Section 79 Committees with Chairpersons.

- (a) Corporate Services - Cllr Khalishwayo
- (b) Technical Services - Cllr S Cindi
- (c) Planning and Economic Development - Cllr VJ Maseko
- (d) Community and Social Services - Cllr PH Sibiya
- (e) Finance Committee - Cllr TP Zulu
- (f) Local Geographic Names Committee - Cllr M Mkhaliiphi
- (g) Municipal Public Accounts Committee - Cllr BJ Motha
- (h) By-Laws and Policies – Cllr NR Nkosi

Financial Performance: The Executive and Council						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational	-	-	-	-	-	#DIV/0!
Expenditure:						
Employees	-	-	33 938	33 938	25 761	-32%
Repairs and Maintenance	-	-	90	90	85	0%
Community Participation	-	-	2 583	2 583	11 748	0%
Total Operational	-	-	36 611	36 611	37 595	3%
Net Operational	-	-	(36 611)	(36 611)	(37 595)	3%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.24.5

Capital Expenditure: Financial Services					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.25.6					

3.27. FINANCIAL SERVICES

The total staff component for Financial Services is planned at 105 employees and 72 positions have been filled.

3.28. HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The functions of the human resource unit includes:

- Recruitment, selection, appointment and orientation of staff
- Implementation of capacity building programme for Councillors and Officials
- Formulation of Human Resource Strategies

T3.28.1

Chapter 4

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

Council Resolution **LM 668/05/22020** approved an ideal organogram for the Municipality with a staff compliment **1290** positions and 562 positions were filled in the year under review.

T4.0.1

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2020/2021	2021/22			
	Employees No.	Approved Posts No.	Employees No.	Vacant Variance %	Filled Variance %
Water and Sanitation	75	94	74	21	78
Electricity	29	62	32	48	51
Waste Management	86	108	79	26.86	73.14
Human Settlement	09	12	8	33.30	66.66
Roads and Storm Water Management	37	75	34	54.67	45.30
Land use and spatial development	7	19	7	63.16	36.80
Local Economic Development	3	6	3	50	50
Libraries	18	18	18	0	0
Parks Sports and Cemeteries	61	88	52	40.90	59
Traffic Services	16	25	15	40	60
Fire Services	22	41	27	34.10	65.85
Disaster Management	13	9	7	22.20	77.78
Law Enforcement and Security Services	1	4	0	0	0
Licensing	24	43	22	48.80	51.17
Executive and Council	11	13	7	46.16	53.80
Financial Services	90	120	86	28.30	71.67
Human Resource Services	08	11	08	27.30	72.70
Totals	510	748	479	35.97	6400
Office of the Director Technical Services	02	02	02	0	0
Office of the Director Planning and Development	02	02	02	0	0
Office of Director community and Social Services	02		02	0	0
IDP	02	04	04	0	0
Office of Director Corporate Services	02		02	0	0
Corporate Services	57	75	50	33	77
Office of CFO	03		02	33	77
Office of the Municipal Manager	04	05	03	40	60
Internal Audit	03	3	03	0	0

Risk		3	02	33	77
Communications		8	05	37.5	62.5
Technical Services (PMU)	04	06	05	33	77
Tech workshop	06	13	08	38.5	61.5
TOTALS	578	121	569	34.7	65.3
T4.1.1					

Vacancy Rate 2021/2022					
Designations	Total Approved Post No.	Filled Posts No.	Percentage		Days
			Vacant	Filled	
Municipal Manager	1	0	100%	0	337
Chief Finance Officer	1	0	100%	0	316
Director Corporate Services	1	1	0%	100	0
Director Community Services	1	1	0%	100	0
Director Technical Services	1	1	0%	100	0
Director Planning and Economic Development	1	1	0 %	100	0
Municipal Traffic Officer	25	10	60	40	0
Fire Fighter	41	27	35	65	0
Managers (Excluding Finance)	31	23	26	74	0
Finance Managers	07	07	0	100	0
Supervisors (Excluding Finance)	02	01	50	50	0
Finance Supervisors	00	0	0	0	0
Total	112	72	36	64	663
Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T4.1.2					

Turn-over Rate				
Financial Year	Total number of employees as of beginning of Financial Year	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
2017/18	578	02	3	5.7%
2018/19	569	04	34	5.98%
2019/20	597	83	31	5.2%
2020/21	635	15	30	5%
2021/22	569	29	39	5%
*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year				
T4.1.3				

COMMENT ON VACANCIES AND TURNOVER

In 2021/2022 financial year, the following senior management positions were filled:

- (a) Municipal Manager – Vacant
- (b) Chief Finance Officer – Vacant
- (c) Deputy Chief Financial Officer – Filled
- (d) Director Corporate Service – Filled
- (e) Director Planning and Economic Development – Filled
- (f) Director Technical Service – Filled
- (g) Director Community and Social Services – Filled

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Msukaligwa Local Municipality has a Human Resources Section whose function is to develop and implement policies, provide guidance to employees on issues of personnel administration, skills development and industrial relations. The municipality adopted the Human Resources Plan and Strategy and is implementing these by prioritising the critical service delivery vacancies to be filled.

T4.2.0

4.2. POLICIES

The following policies were adopted by the municipality and councillors as well as employees were trained on these policies through separate workshops. The policies are being implemented by the municipality.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Recruitment, Selection Promotion and Retention Policy	100%	100%	Adopted by the Council and implemented
2	Overtime	100%	100%	Adopted by the Council and implemented
3	Incapacity due to ill health	100%	100%	Adopted by the Council and implemented
4	Attendance and punctuality	100%	100%	Adopted by the Council and implemented
5	Remuneration work outside the municipality	100%	100%	Adopted by the Council and implemented
6	Leave policy	100%	100%	Adopted by the Council and implemented
7	Succession planning policy	100%	100%	Adopted by the Council and implemented
8	Scares skills	100%	100%	Adopted by the Council and implemented
9	HR strategy	100%	100%	Adopted by the Council and implemented
10	HR plan	100%	100%	Adopted by the Council and implemented
11	Code of Conduct for employees	100%	100%	The Council implements the Code of Conduct which was agreed at between the parties in the Bargaining Council
12	Delegations, Authorisation & Responsibility	100%	100%	Adopted by the Council and implemented

13	Disciplinary Code and Procedures	100%	100%	Currently using main collective agreement
14	Essential Services	100%	100%	Currently using the main collective agreement on essential services.
15	Employee Assistance	100%	100%	Adopted by the Council and implemented
16	Grievance Procedures	100%	100%	Currently using the main collective agreement on essential services.
17	Workplace HIV/Aids	100%		Draft
18	Occupational Health and Safety	100%	100%	Adopted by council and implemented
19	Sexual Harassment	100%		Draft
20	Skills Development	100%	100%	Adopted by council and implemented
T4.2.1				

COMMENT ON WORKFORCE POLICY DEVELOPMENT

Corporate Services department has developed Human Resources policies and has reviewed the critical policies. Other policies are being reviewed as and when there are changes in legislation and regulations.

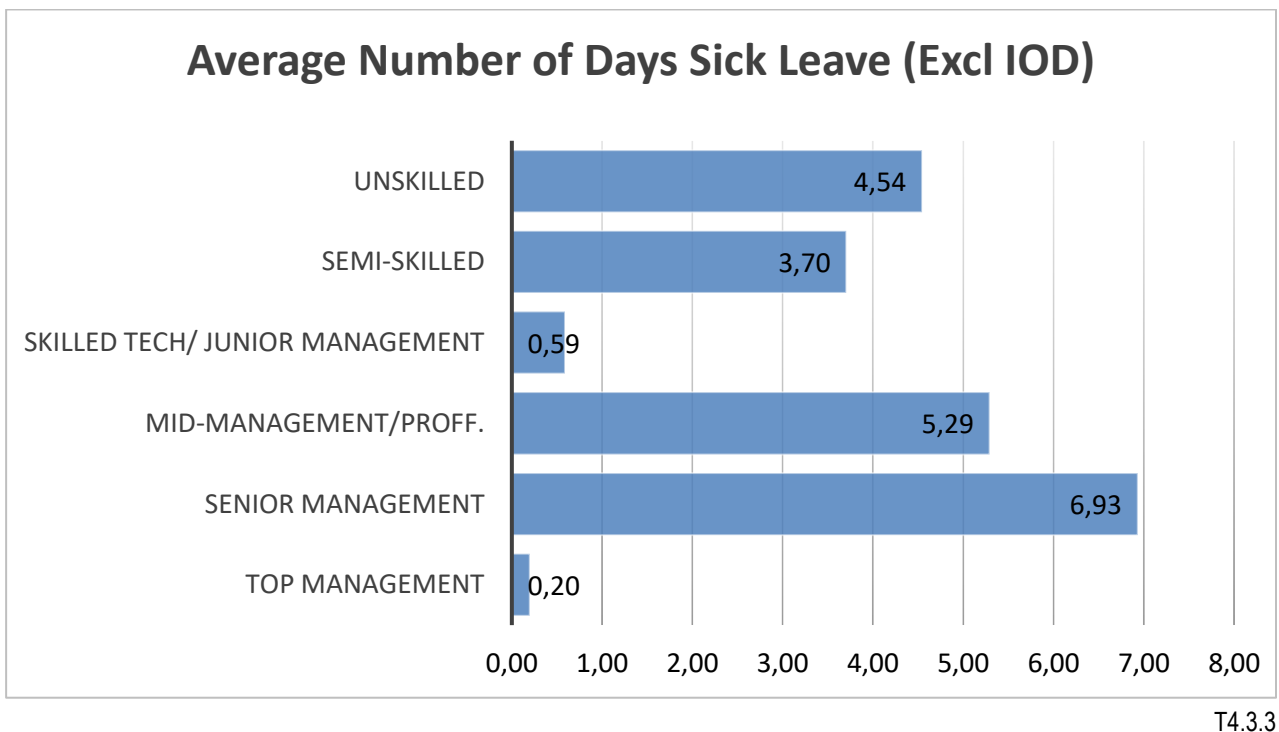
T4.2.2

4.3. INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Average injury leave taken per employee %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	199	1		Clause 15 paragraph 1.5.1 in the Mpumalanga collective agreement applies	
Temporary total disablement	0	0	0	0	
Permanent disablement	0	0	0	0	
Fatal	0	0	0	0	
Total	199	01	0.50%	22	
*Average injury leave taken per employee: Calculated by taking Column 3 divide by Column 2 X 100					
Average Injury Leave per employee Days: Calculated by taking Column 2 divide by Column 3					
T4.3.1					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Occupational Levels	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in occupational level*	*Average sick leave per Employees Days	Estimated cost R' 000
Top Management	01	N/A	01	05	0,2	
Senior Management	208	N/A	20	30	6,9	R 392487.68
Mid-Management/Prof	307	N/A	17	58	5,2	R 565107.77
Skilled Tech/ Junior Management	114	N/A	26	194	0,6	R 144715.84
Semi-Skilled	226	N/A	30	61	3,7	R 149081.14
Unskilled	1004	N/A	120	221	4,5	R 531866.67
Total	1860	N/A	248	569	3,2	R 1787987.9
* - Number of employees in post at the beginning of the year						
*Average calculated by taking sick leave in column 2 divided by total employees in column 5						T4.3.2

For the purpose of this Report that Municipal Manager and Directors are reported on as Top Management.



COMMENT ON INJURY AND SICK LEAVE

Sick leave taken by employees did not have a significant impact on the total budget of the Municipality in the year 2021/2022.

T4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Traffic Officer GM Hleza	The traffic officer was suspended as a result of being arrested by the Hawks for alleged bribery	07 March 2021	The employee was formally charged, and disciplinary hearing was finalised, and the employee was found guilty and dismissed from the employ of the Municipality. The employee referred the matter to SALGBC for conciliation and mediation.	09 November 2022
Traffic Officer GT Mgiba	the traffic officer was suspended as a results of being arrested by the Hawks for alleged bribery	21 April 2021	The employee was formally charged and disciplinary hearing was finalised and the employee was found guilty and dismissed from the employ of the Municipality. The employee referred the matter to SALGBC for conciliation and mediation.	The matter is scheduled for Arbitration on 01 December 2022
Electrician NM Hlatshwayo	The electrician was suspended for alleged theft and vandalism of Municipal property	15 June 2022	The employee is not yet formally charged pending appointment of new employer representative	Pending the appointment of the new Employer Representative as the initial employer representative has withdrawn.
T4.3.5				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			
T4.3.6			

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix										
Management level	Gender	Employees in post as at 30 June 2021	Number of skilled employees required and actual as at 30 June 2022							
			Learnership		Skills programmes & other short courses		Other forms of training		Total	
		No.	Planned 30 June 2021	Actual 30 June 2022	Planned 30 June 2021	Actual 30 June 2022	Planned 30 June 2021	Actual 30 June 2022	Planned 30 June 2021	Actual 30 June 2022
MM and S57	Female	0	0	0	0	0	0	0	0	0
	Male	5	5	1	5	1	5	0	5	2
Councillors, senior officials, and managers	Female	16	16	0	16	10	0	0	16	10
	Male	22	22	0	22	16	0	0	22	16
Technicians and associate professionals	Female	15	5	5	5	7	5	1	15	13
	Male	57	5	0	5	13	5	0	15	13
Professionals	Female	26	5	2	5	7	5	3	15	12
	Male	10	5	3	5	6	5	1	15	10
Sub total	Female	57	26	7	26	24	15	4	67	10
	Male	94	37	4	37	36	10	1	84	41
Total		151	63	11	63	60	25	5	151	76

T4.4.1

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

Corporate Services Department conducted a skills audit and information gathering sessions with various departments, which informed the Works Skills Plan (WSP) and Annual Training Programme (ATP). The findings of the Skills Audit revealed that there was a significant number of employees that require assistance with the recognition of prior learning, employees whose skills were mismatched to the work they are doing etc. The municipality is incrementally implementing the findings of the skills audit report

The following training intervention is highlighted:

- Minimum Competency Training Programme in partnership with Provincial Treasury.
- Various Ad Hoc Training interventions to respond to institutional skills shortage and comprise the following:

Training / Course	No. of Officials Attended	No. Councillors Attended
Legal cost training	2	0
Municipal financial management programme	11	0
Integrated development programme	0	26
Training on how to review financial statement	3	0
Training on municipal governance guidelines	2	0
Performance management	2	0
Training on OHS representatives	25	0
Training on Fire marshal	15	0
Bachelor of Public Administration	3	0
Bachelor Commerce Supply Chain Management	1	0
Training on first aid	27	0
Total	91	26

The actual expenditure on Minimum Competency Training programme was **R407 313.90** and the other Ad Hoc Training intervention was **R338 099.94**

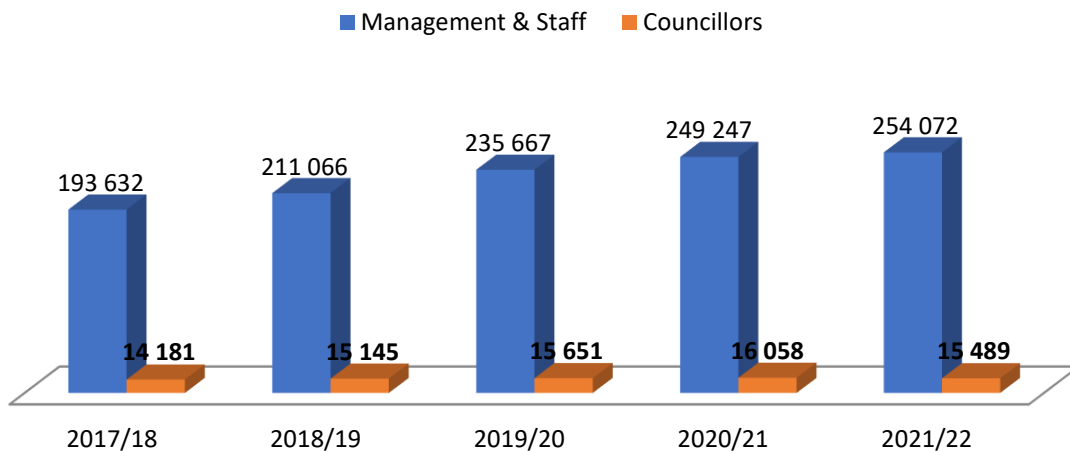
T4.4.2

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

	2017/18	2018/19	2019/20	2020/21	2021/22
Management & Staff	193632	211066	235667	249247	254072
Councillors	14 181	15 145	15 651	16 058	15489

Workforce Expenditure Trends



T4.5.1

Number of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Top Management	Female	None
	Male	None
Senior Management	Female	None
	Male	None
Professional Qualified	Female	None
	Male	None
Skilled Technical	Female	None
	Male	None
Semi-Skilled	Female	None
	Male	None
Unskilled & Defined	Female	None
	Male	None
Total		
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).		
T4.5.2		

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
T4.5.3				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				
T4.5.4				

DISCLOSURES OF FINANCIAL INTERESTS

Disclosure forms were issued to all employees and Councillors and were returned to be kept in employee files.

T4.5.5

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- (a) Component A: Statement of Financial Performance
- (b) Component B: Spending Against Capital Budget
- (c) Component C: Financial Position

T5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

MP302 Msukaligwa - Table B1 Budget Summary

Description	Budget Year 2021/2022								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	1,00 A1	2,00 B	3,00 C	4,00 D	5,00 E	6,00 F	7,00 G	8,00 H
R thousands									
Financial Performance									
Property rates	191 336 759,00	191 336 759,00	-	-	-	-	-8 213 309,00	-8 213 309,00	183 123 450,00
Service charges	441 196 899,00	441 196 899,00	-	-	-	-	-45 641 477,00	-45 641 477,00	395 555 422,00
Investment revenue	300 000,00	300 000,00	-	-	-	-	-	-	300 000,00
Transfers recognised - operational	207 727 429,00	207 727 429,00	-	-	-	-	429 517,00	429 517,00	208 156 946,00
Other own revenue	65 607 298,00	65 607 298,00	-	-	-	-	-10 370 328,00	-10 370 328,00	55 236 970,00
Total Revenue (excluding capital transfers and contributions)	906 168 385,00	906 168 385,00	-	-	-	-	-63 795 597,00	-63 795 597,00	842 372 788,00
Employee costs	271 208 849,00	271 208 849,00	-	-	-	-	11 681 903,00	11 681 903,00	282 890 752,00
Remuneration of councillors	17 648 339,00	17 648 339,00	-	-	-	-	-	-	17 648 339,00
Depreciation & asset impairment	139 145 623,00	139 145 623,00	-	-	-	-	1 469 918,00	1 469 918,00	140 615 541,00
Finance charges	-	-	-	-	-	-	29 200 000,00	29 200 000,00	29 200 000,00
Inventory consumed and bulk purchases	419 508 278,00	419 508 278,00	-	-	-	-	-91 563 503,00	-91 563 503,00	327 944 775,00
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	295 999 416,00	295 999 416,00	-	-	-	-	-95 216 970,00	-95 216 970,00	200 782 446,00
Total Expenditure	1 143 510 505,00	1 143 510 505,00	-	-	-	-	-144 428 652,00	-144 428 652,00	999 081 853,00
Surplus/(Deficit)	-237 342 120,00	-237 342 120,00	-	-	-	-	80 633 055,00	80 633 055,00	-156 709 065,00

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	199 068 571,00	199 068 571,00	-	-	-	-	-	-	199 068 571,00
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-38 273 549,00	-38 273 549,00	-	-	-	-	80 633 055,00	80 633 055,00	42 359 506,00
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-38 273 549,00	-38 273 549,00	-	-	-	-	80 633 055,00	80 633 055,00	42 359 506,00
<u>Capital expenditure & funds sources</u>									
Capital expenditure	243 924 223,00	243 924 223,00	-	-	-	-	-6 537 964,00	-6 537 964,00	237 386 259,00
Transfers recognised - capital	199 068 571,00	199 068 571,00	-	-	-	-	-167 172,00	-167 172,00	198 901 399,00
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	44 855 652,00	44 855 652,00	-	-	-	-	-6 370 792,00	-6 370 792,00	38 484 860,00
Total sources of capital funds	243 924 223,00	243 924 223,00	-	-	-	-	-6 537 964,00	-6 537 964,00	237 386 259,00
<u>Financial position</u>									
Total current assets	517 941 163,00	517 941 163,00	-	-	-	-	-113 796 080,00	-113 796 080,00	404 145 083,00
Total non current assets	2 708 750 730,00	2 708 750 730,00	-	-	-	-	6 120 727,00	6 120 727,00	2 714 871 457,00
Total current liabilities	1 015 605 592,00	1 015 605 592,00	-	-	-	-	603 083 199,00	603 083 199,00	1 618 688 791,00
Total non current liabilities	60 797 970,00	60 797 970,00	-	-	-	-	18 653 533,00	18 653 533,00	79 451 503,00
Community wealth/Equity	2 150 288 331,00	2 150 288 331,00	-	-	-	-	-770 946 865,00	-770 946 865,00	1 379 341 466,00
<u>Cash flows</u>									
Net cash from (used) operating	246 784 724,00	246 784 724,00	-	-	-	-	-10 455 607,00	-10 455 607,00	236 329 117,00
Net cash from (used) investing	-243 924 223,00	-243 924 223,00	-	-	-	-	2 208 789,00	2 208 789,00	-241 715 434,00
Net cash from (used) financing	-3 511 336,72	-17 434 000,00	-	-	-	-	13 923 000,00	13 923 000,00	-3 511 000,00
Cash/cash equivalents at the year end	69 350 141,28	55 427 478,00	-	-	-	-	-56 463 374,00	-56 463 374,00	-1 035 896,00

Cash backing/surplus reconciliation									
Cash and investments available	22 632 478,00	22 632 478,00	-	-	-	-	-18 641 114,00	-18 641 114,00	3 991 364,00
Application of cash and investments	512 223 083,00	512 223 083,00	-	-	-	-	746 244 035,00	746 244 035,00	1 258 467 118,00
Balance - surplus (shortfall)	-489 590 605,00	-489 590 605,00	-	-	-	-	-764 885 149,00	-764 885 149,00	-1 254 475 754,00
Asset Management									
Asset register summary (WDV)	2 708 750 730,00	2 708 750 730,00	-	-	-	-	6 120 727,00	6 120 727,00	2 714 871 457,00
Depreciation	139 145 623,00	139 145 623,00	-	-	-	-	1 469 918,00	1 469 918,00	140 615 541,00
Renewal and Upgrading of Existing Assets	78 661 321,00	78 661 321,00	-	-	-	-	-42 581 302,00	-42 581 302,00	36 080 019,00
Repairs and Maintenance	29 465 151,00	29 465 151,00	-	-	-	-	-7 204 205,00	-7 204 205,00	22 260 946,00
Free services									
Cost of Free Basic Services provided	42 128 374,00	42 128 374,00	-	-	-	-	-16 711 331,00	-16 711 331,00	25 417 043,00
Revenue cost of free services provided	14 865 470,00	14 865 470,00	-	-	-	-	3 962 269,00	3 962 269,00	18 827 739,00
Households below minimum service level									
Water:	3 892,00	-	-	-	-	-	-	-	3 892,00
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	1,00	-	-	-	-	-	-	-	1,00

R '000						
Description	Year 2020/21	Year 2021/22			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	6 366	10 027		10 455	4,09%	100,00%
Waste Water (Sanitation)	6 282	4 218		5 024	16,05%	100,00%
Electricity	57 841	73 882		62 733	-17,77%	100,00%
Waste Management	4 405	6 566		7 722	14,97%	100,00%
Housing	–				0,00%	0,00%
Component A: sub-total	74 895	94 692	–	85 933	-10,19%	100,00%
Waste Water (Stormwater Drainage)					0,00%	0,00%
Roads	3 406	4 359		4 080	-6,84%	100,00%
Transport	–	–	–	–	0,00%	0,00%
Component B: sub-total	3 406	4 359	–	4 080	-6,84%	100,00%
Planning	–	–	–	–	#DIV/0!	#DIV/0!
Local Economic Development	–	3 333	–	3 434	0,00%	0,00%
Component B: sub-total	–	3 333	–	3 434	2,93%	100,00%
Planning (Strategic & Regulatory)	2 552				0,00%	0,00%
Local Economic Development	–	–	–	–	0,00%	0,00%
Component C: sub-total	2 552	–	–	–	0,00%	0,00%
Community & Social Services	11 678	14 559		19 166	24,04%	100,00%
Environmental Protection	–				0,00%	0,00%
Health	–				0,00%	0,00%
Security and Safety	–	–		–	0,00%	0,00%
Sport and Recreation	144				#DIV/0!	#DIV/0!
Corporate Policy Offices and Other	117 149	76 592		104 620	26,79%	100,00%
Component D: sub-total	128 971	91 151	–	123 786	26,36%	100,00%
Total Expenditure	209 823	193 536	–	217 233	10,91%	100,00%
In this table operational income 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.						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE

The procurement of goods and services is done in line with the Supply Chain Management regulations, PPPFA of 2011 and in line with the approved budget and Integrated Development Plan (IDP) of the Council, which strives for a procurement process that is to be fair, equitable, cost effective and competitive.

T5.1.2

5.2. GRANTS

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality received the following grants:

Grant Performance				
R' 000				
Description	Year 2020/21	Year 2021/22		
	Actual	Budget	Adjustments Budget	Actual
<u>Operating Transfers and Grants</u>				
National Government:	226 751	206 811	–	207 210
Equitable share	219 070	199 061	–	199 442
Expanded Public Works Programme Integrated Grant	2 062	1 968	–	1 986
Department of Water Affairs	–	–	–	–
Local Government Financial Management Grant	3 000	3 000	–	3 000
Municipal Infrastructure Grant	2 618	2 782	–	2 782
Provincial Government:	–	–	–	–
Health subsidy	–	–	–	–
Housing	–	–	–	–
Ambulance subsidy	–	–	–	–
Sports and Recreation	–	–	–	–
Municipal Infrastructure Grant	–	–	–	–
District Municipality:	–	–	–	–
	–	–	–	–
	–	–	–	–
Other grant providers:	–	–	–	–
	–	–	–	–
Total Operating Transfers and Grants	226 751	206 811	–	207 210

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T5.2.1

5.3. ASSETS MANAGEMENT

ASSETS MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Goal of asset management is to achieve the required level of service in the most effective manner, which is achieved through management of asset's life cycle. The utilisation and management of property, plant and equipment is the prime mechanism by which a Municipality can fulfil its constitutional mandates for the Delivery of sustainable services, Social and economic development, Promoting a safe and healthy environment and Providing the basic needs to the community. The Municipal Manager is accountable for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. The staff involved in assets management is as follows and reports to the Chief Financial Officer: Manager Assets; Accountant Assets Management and Assets clerks.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2021/22

Asset 1				
Name	INFRASTRUCTURE ASSET			
Description	MV SUBSTATION			
Asset Type	SWITCHGEAR			
Key Staff Involved	YES			
Staff Responsibilities	ELECTRICAL SECTION			
Asset Value	Year -3	Year -2	Year -1	Year 0
	2 753 322.95	2 818 878.26	2 884 433.57	2 949 988.88
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	ELECTRICITY DISTRIBUTION			
Describe Key Issues	ELECTRICITY DISTRIBUTION			
Policies in Place to Manage Asset	ASSETS MANAGEMENT POLICY			
Asset 2				
Name	INFRASTRUCTURE ASSET			
Description	WATER RESERVOIR			
Asset Type	RESERVOIR			
Key Staff Involved	YES			
Staff Responsibilities	WATER SECTION			
Asset Value	Year -3	Year -2	Year -1	Year 0
	2 074 176.82	2 118 308.24	2 162 439.66	2 206 571.08
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	WATER DISTRIBUTION			
Describe Key Issues	WATER DISTRIBUTION			
Policies in Place to Manage Asset	ASSETS MANAGEMENT POLICY			
Asset 3				

Name	TRANSPORT ASSET			
Description	UD Trucks			
Asset Type	COMPACTOR TRUCKS			
Key Staff Involved	YES			
Staff Responsibilities	WASTE MANAGEMENT UNIT			
	Year -3	Year -2	Year -1	Year 0
Asset Value	1 717 600.00	1 860 733.33	2 003 866.67	2 147 000.00
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	WASTE COLLECTION			
Describe Key Issues	WASTE COLLECTION			
Policies in Place to Manage Asset	ASSETS MANAGEMENT AND FLEET POLICY			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:

Before a Municipality can spend funds on a project the Municipal Council must consider the project costs covering all the financial years until the project is operational, as well as all future operational costs and revenue for the project. The Council of Msukaligwa Local Municipality has considered all the above in terms of the projects and the projects were approved for implementation. The above projects were funded from Conditional Grants and all supporting documents are available on file for audit inspection.

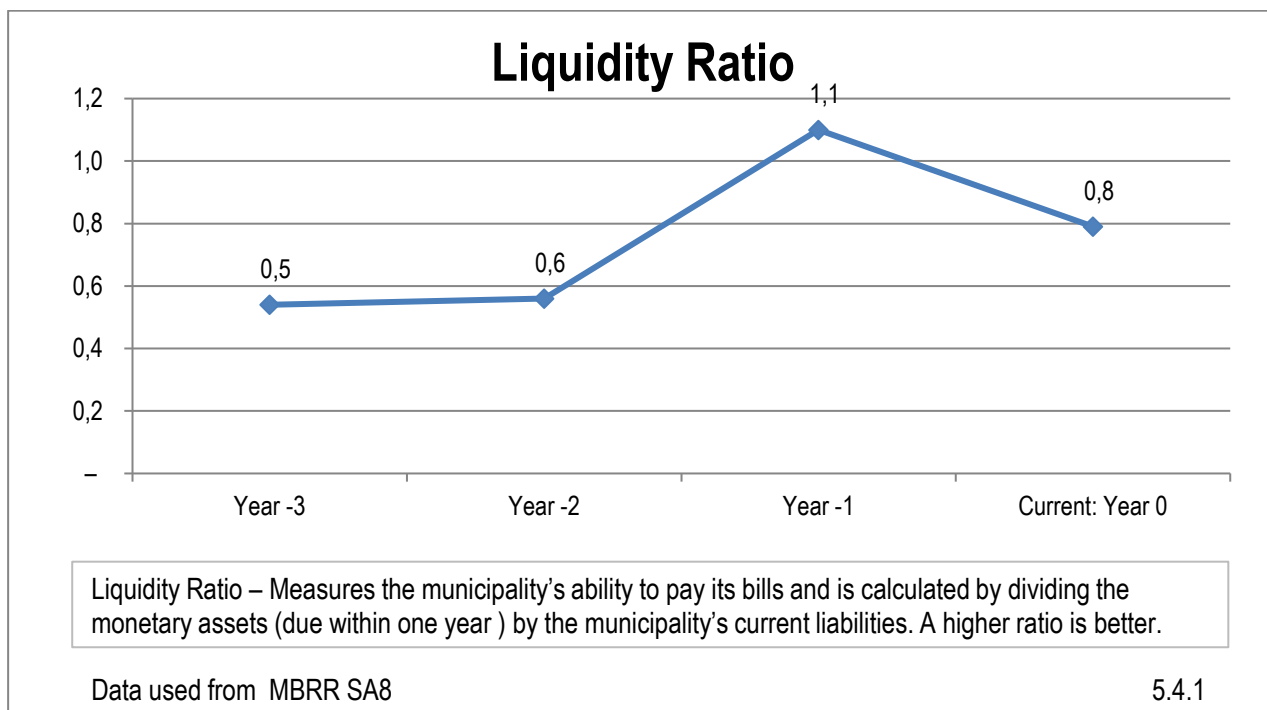
T 5.3.3

Repair and Maintenance Expenditure: 2021/22				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	29 465 000	21 882 000	29 442 494	134%
T 5.3.4				

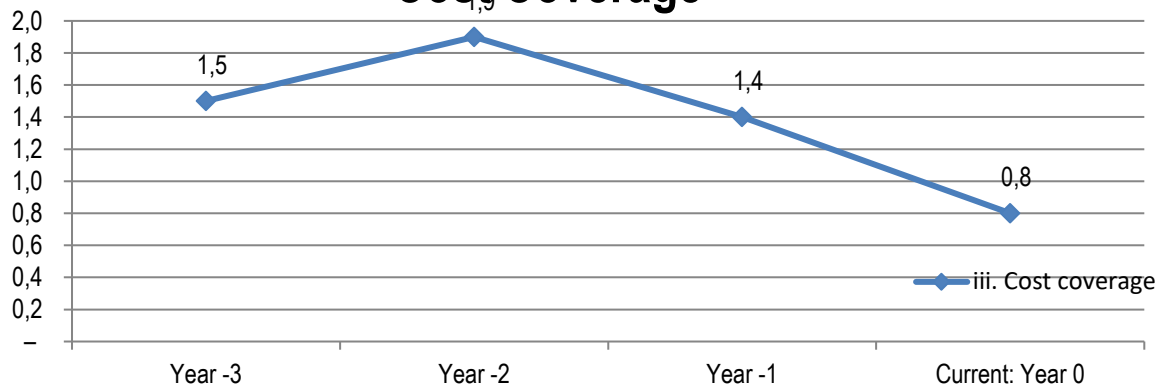
5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Description	Ideal ratio	Adjustment Budget 2020/21	Actual 30 June 2021
Liquidity ratio Current assets (Cash, debtors)/Current liability (Trade and payables and consumer deposits)	1,5:1 - 2:1 200% Assets Vs 100% Liabilities	0,36 : 1 36 % Coverage of liabilities	0,2521:1 25 % Coverage of liabilities
Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	10-20%	16%	3,69%
Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%	1.24%	1,79%
Collection Rate	95%	95 %	78,53 %
Net Debtors Days ((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365	45 days	45 days	620 days
Creditors payment period Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	30 days	30 days	401 days
Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	Nil	Nil	Unauthorised R 257,614m Fruitless R 141,438m Irregular R 254,506m
Remuneration as % of Total Operating Expenditure	25-40%	29.9 %	27,25%
Contracted Services % of Total Operating Expenditure	5%	10%	6,3%
Grant dependency Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	NIL	88%	88,79%
Budget implementation			
Capital Expenditure Budget Implementation Indicator	100%	100%	28,83%
Operating Expenditure Budget Implementation Indicator	100%	100%	106,92%
Operating Revenue Budget Implementation Indicator	100%	100%	94,6 %
Service Charges and Property Rates Revenue Budget Implementation Indicator	100%	100%	100,94%
Electricity distribution losses	7-10%	10%	40%

Description	Ideal ratio	Adjustment Budget 2020/21	Actual 30 June 2021
(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) × 100			
Water distribution losses (Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100	15-30%	30%	42%
T5.4.1			



Cost Coverage

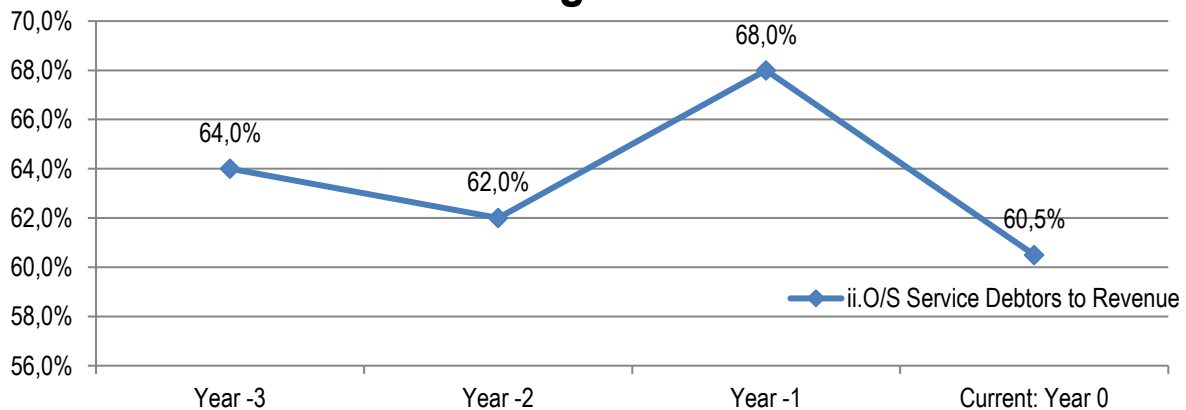


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SAR

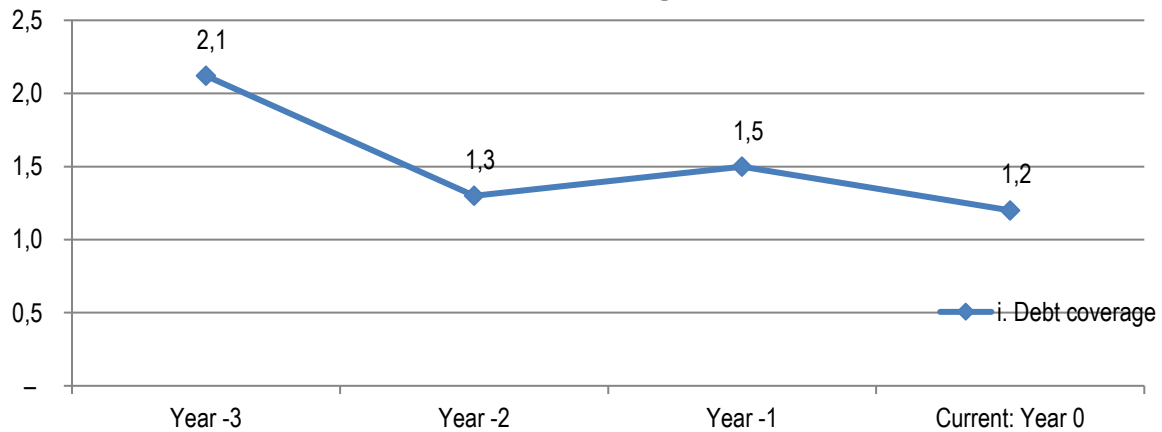
5.4.2

Total Outstanding Service Debtors



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

Debt Coverage

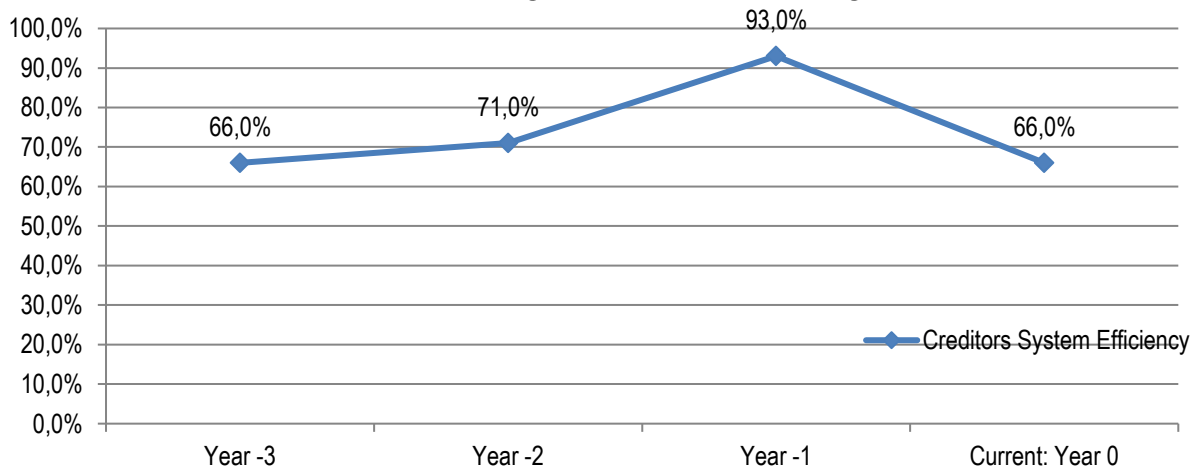


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

5.4.4

Creditors System Efficiency

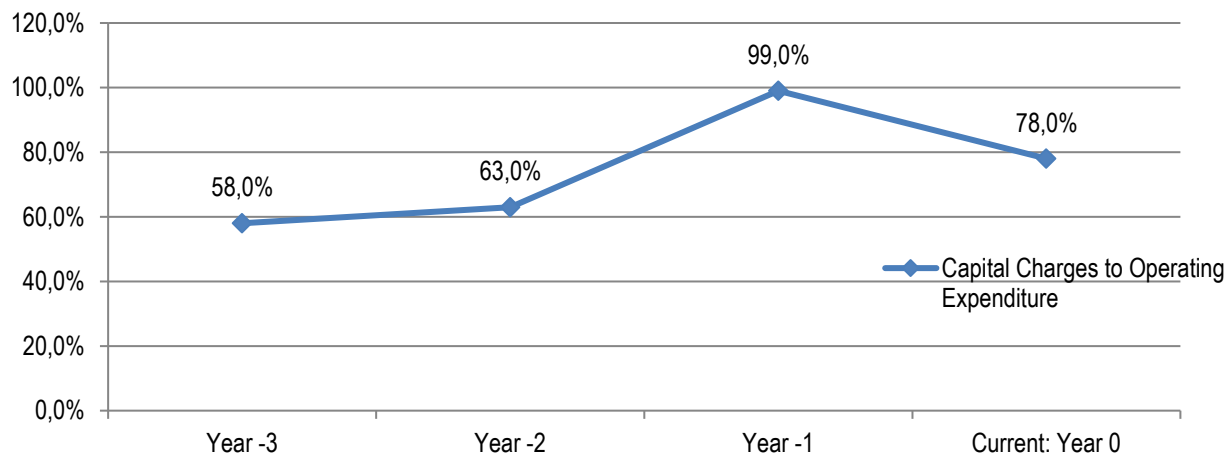


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

5.4.5

Capital Charges to Operating Expenditure

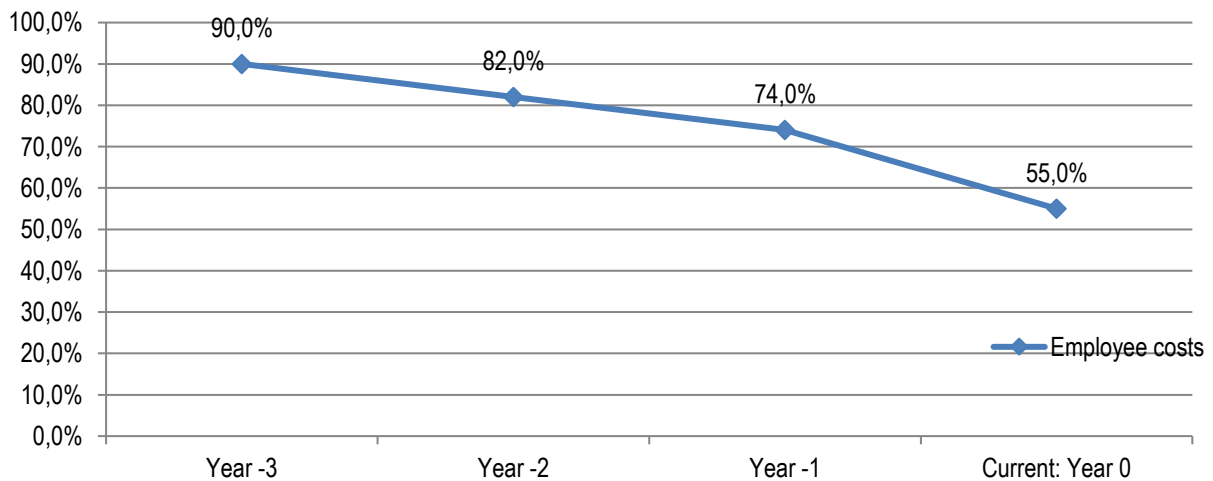


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

5.4.6

Employee Costs

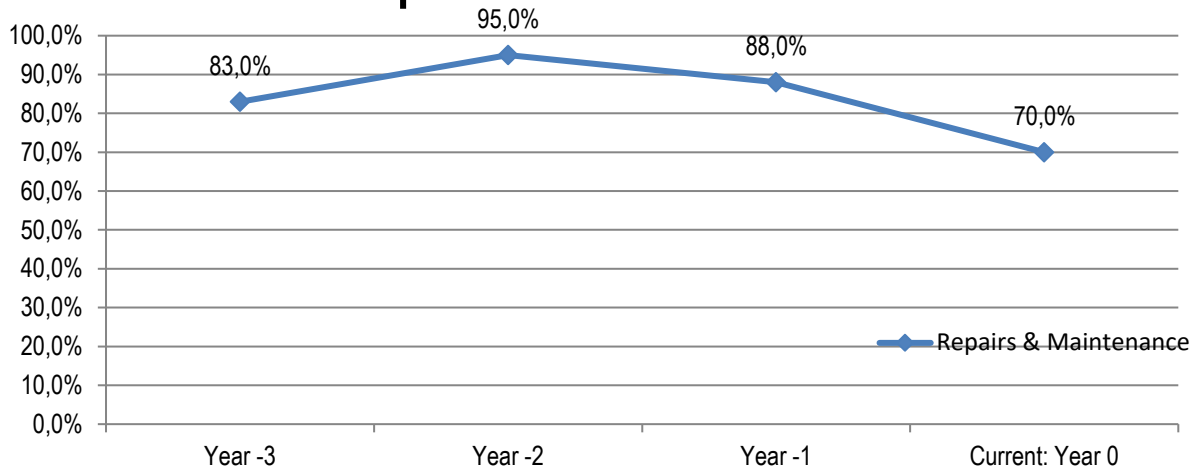


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

5.4.7

Repairs & Maintenance



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

Data used from MBRR SA8

5.4.8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION: SPENDING AGAINST CAPITAL BUDGET

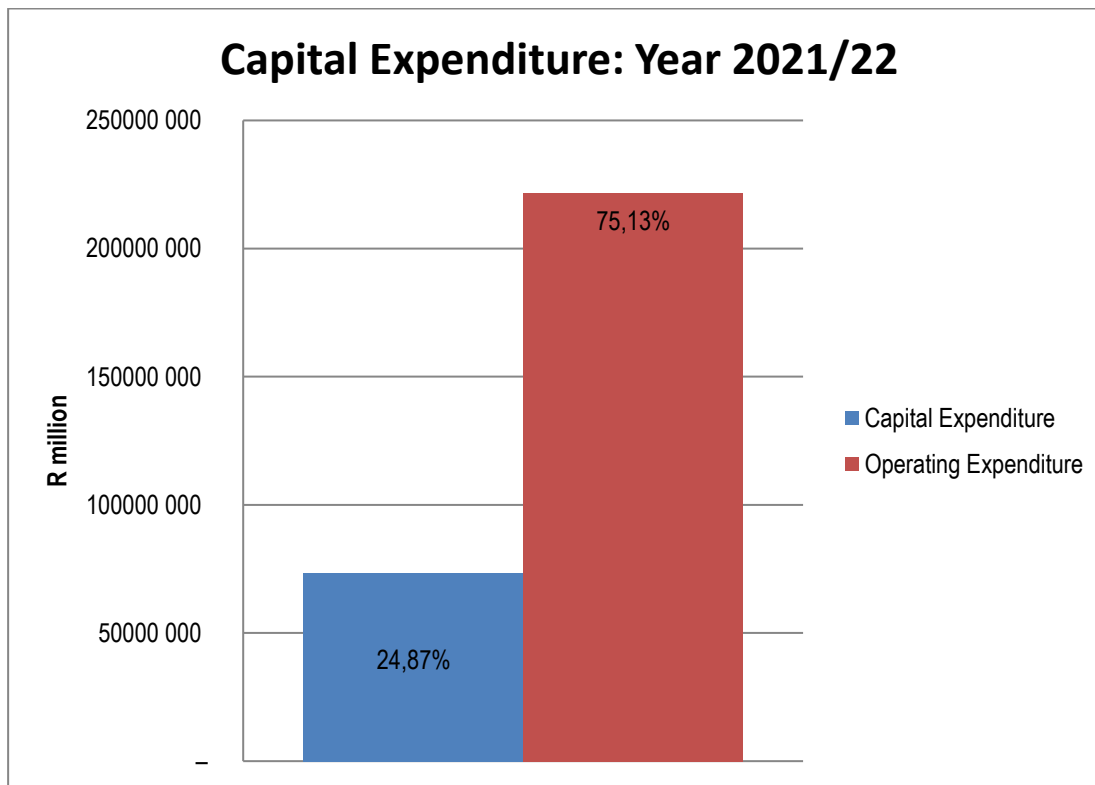
The capital spending in the municipality is mainly financed by means of external grants received from the National Treasury.

The municipality has improved in terms of capital expenditure as compared to the previous financial year with a 100% expenditure recorded in the year being reported. Projects were planned and implemented on time hence the improvement on expenditure.

T5.5.1

T5.5.0

5.5. CAPITAL EXPENDITURE

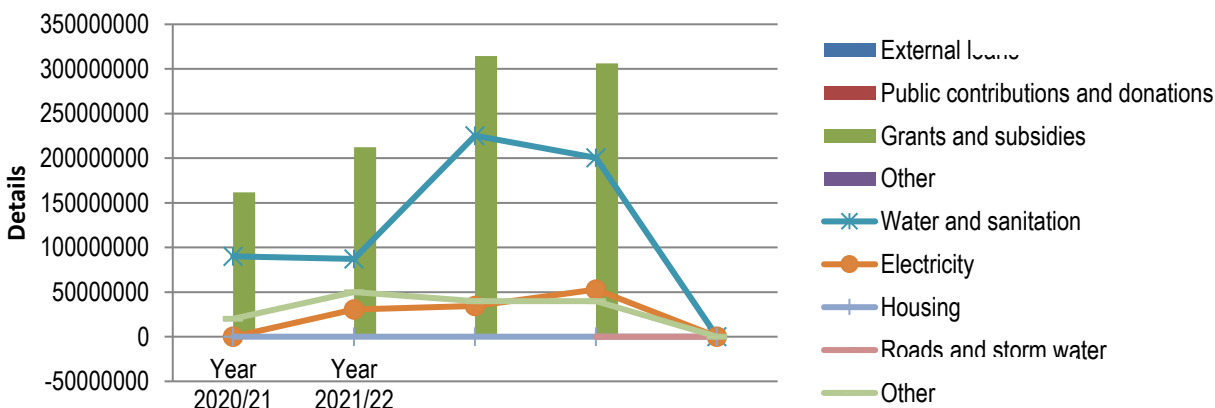


5.6. SOURCES OF FINANCE

Capital Expenditure - Funding Sources:						
Details	Year 2020/21	Year 2021/22				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	0	0	0	0	0,00%	0,00%
Public contributions and donations	0	0	0	0	0,00%	0,00%
Grants and subsidies	161 876 329	212 434 000	314 518 000	306 216 578	48,05%	44,15%
Other	0	0	0	0	0,00%	0,00%
Total	161 876 329	212 434 000	314 518 000	306 216 578	48,05%	44,15%
Percentage of finance						
External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants and subsidies	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Other	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital expenditure						
Water and sanitation	90 153 329	87 080 000	225 247 000	200 578 578	158,67%	130,34%
Electricity	-	30 500 000	34 319 000	52 856 100	12,52%	73,30%
Housing	-	-	-	-	0,00%	0,00%
Roads and storm water	-	-	-	-	0,00%	0,00%
Other	20 000 000	50 000 000	40 000 000	40 000 000	-20,00%	0,00%
Total	110 153 329	167 580 000	299 566 000	293 434 678	2	2
Percentage of expenditure						
Water and sanitation	81,8%	52,0%	75,2%	68,4%	104,9%	64,0%
Electricity	0,0%	18,2%	11,5%	18,0%	8,3%	36,0%
Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Roads and storm water	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other	18,2%	29,8%	13,4%	13,6%	-13,2%	0,0%

T 5.6.1

Source of Finance and Capital Expenditure



5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS IN 2021/2022 FY

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year			Variance Current Year	
	Original Budget (R 000)	Adjustment Budget (R 000)	Actual Expenditure (R 000)	Original Variance (%)	Adjustment variance (%)
Regional Bulk Water Scheme for Breyten Cluster 2 Work in progress	R86 748 868.95		R85 824 374.37	0	0
Regional Bulk Water Supply Scheme for Davel Cluster 3	R36 781 222,78		R36 781 222.78	0	0
Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline Work in Progress	R21 613 766.04		R21 613 766.04	0	0
Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks Work in progress	R20,970,833.77		R20,970,833.77	0	0
Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation Work in Progress	R16 759 250.00		R12 335 700.10	0	0
Capital Expenditure of 5 largest projects*					

Name of Project - A	Regional Bulk Water Supply Scheme for Breyten Cluster 2
Objective of Project	Provide Bulk Water Supply
Delays	None
Future Challenges	None
Name of Project - A	Regional Bulk Water Supply Scheme for Breyten Cluster 2

Name of Project - B	Regional Bulk Water Supply Scheme for Davel Cluster 3
Objective of Project	Provide Bulk Water Supply
Delays	None
Future Challenges	None
Name of Project - B	Regional Bulk Water Supply Scheme for Davel Cluster 3

Name of Project - C	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline
---------------------	---

Objective of Project	Upgrade Outfall Sewer pipeline
Delays	None
Future Challenges	None
Name of Project - C	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline

Name of Project - D	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks
Objective of Project	8 MI Reservoir At Ermelo Ext 44 & associated pipeworks
Delays	None
Future Challenges	None
Name of Project - D	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks

Name of Project - E	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation
Objective of Project	20MVA, 88/11KV Transformer in Ermelo KV Substation
Delays	None
Future Challenges	None
Name of Project - E	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation
T5.7.1	

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2021/22	
Asset 1	
Name	Regional Bulk Water Supply Scheme for Breyten Cluster 2
Description	
Asset Type	
Key Staff Involved	
Staff Responsibilities	Monitoring and evaluating the project
Capital Implications	
Future Purpose of Asset	Provision of access to the community
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy
T5.7.2	

Asset 2	
Name	Regional Bulk Water Supply Scheme for Davel Cluster 3
Description	
Asset Type	
Key Staff Involved	PMU,
Staff Responsibilities	Monitoring and evaluating the project
Capital Implications	
Future Purpose of Asset	Provision of access to the community
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

Asset 3	
Name	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks
Description	
Asset Type	Water
Key Staff Involved	PMU
Staff Responsibilities	Monitoring and evaluating the project
Capital Implications	
Future Purpose of Asset	Provision of access to hygienic sanitation services.
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June 2021				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	48 640	95,2%	2 449	4.8%
Sanitation	5 0532	98,9%	557	1.1%
Electricity	46 178	90,5%	4 865	9.5%
Waste management	37 816	74%	13 273	26%
Housing	0	0	0	0
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				T5.8.1

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9. CASH FLOW

Detail	Audited Actual R
Cash Receipts by Source	
Property rates	117 895 331
Service charges	349 274 158
Transfer receipts - operational	226 916 000
Other revenue	12 429 620
Cash Receipts by Source	
Other Cash Flows/Receipts by Source	
Transfer receipts - capital	144 176 450
Contributions recognised - capital & Contributed assets	0
Proceeds on disposal of PPE	2 457 081
Short term loans	0
Borrowing long term/refinancing	0
Increase (decrease) in consumer deposits	
Decrease (Increase) in non-current debtors	
Decrease (increase) other non-current receivables	
Decrease (increase) in non-current investments	
Total Cash Receipts by Source	853 148 640
Cash Payments by Type	
Employee related costs	(255 121 726)
Suppliers	(428 396 342)
Cash Payments by Type	
Other Cash Flows/Payments by Type	
Capital assets	(182 223 210)
Finance lease payments	(1 462 908)
Other Cash Flows/Payments	(108 045)
Total Cash Payments by Type	(867 312 231)
Net Increase/(Decrease) in Cash Held	(14 163 591)
Cash/cash equivalents at the month/year begin:	22 025 012
Cash/cash equivalents at the month/year end:	7 861 421

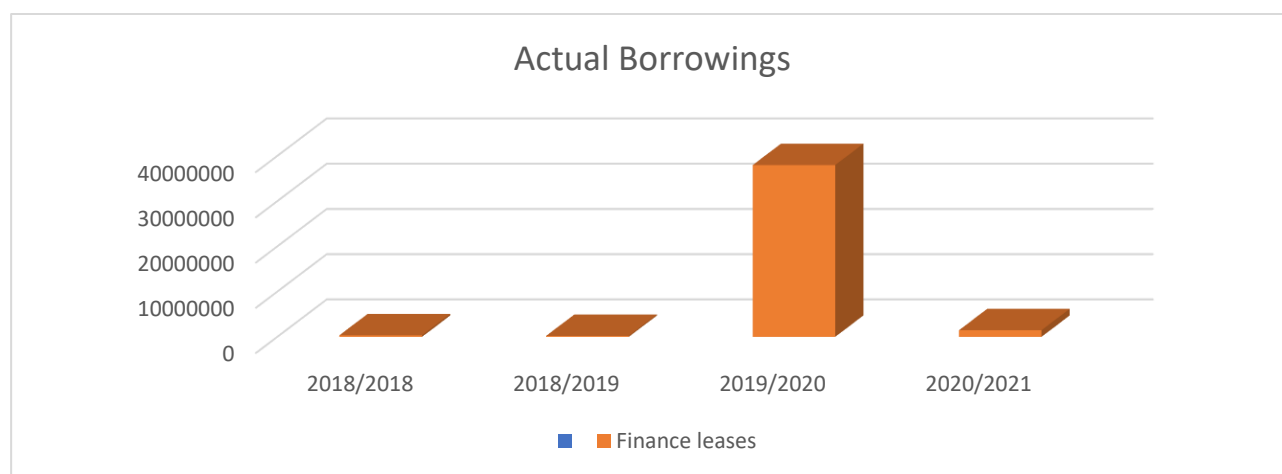
COMMENT ON CASH FLOW OUTCOMES

The average payment rate for the year is **78%**. Actions to improve the collection rate are underway as the ideal ratio of 95% needs to be achieved.

T 5.9.1

5.10. BORROWING AND INVESTMENTS

Actual Borrowings 2018/19 – 2020/21			
Instrument	2018/19	2019/20	2020/21
	R	R	R
Municipality	Nil	Nil	Nil
Long-Term Loans (annuity/reducing balance)	Nil	Nil	Nil
Long-Term Loans (non-annuity)	Nil	Nil	Nil
Local registered stock	Nil	Nil	Nil
Instalment Credit	Nil	Nil	Nil
Financial Leases	204 908	3 796 786	1 650 000
Finance Granted By Cap Equipment Supplier	Nil	Nil	Nil
Marketable Bonds	Nil	Nil	
T5.10.1			



T 5.10.3

COMMENT ON BORROWINGS

The financial lease for 1 x Fire vehicle were finalised in 2018/2019./ A three year finance leases were taken up in 2019/2023 for photocopier and printing, telephphone system as well as ITC equipment for operational puposes

T5.10.2

Municipal Investments					
Investment* type	2017/18 Actual (R 000)	2018/19 Actual (R 000)	2019/20 Actual (R 000)	2020/21 Actual (R 000)	2021/22 Actual (R 000)
Securities - National Government	Nil	Nil	Nil	Nil	Nil
Listed Corporate Bonds	Nil	Nil	Nil	Nil	Nil
Deposits - Bank	2 143	2 409	24 533	22 025	7 861
Deposits - Public Investment Commissioners	Nil	Nil	Nil	Nil	Nil
Deposits - Corporation for Public Deposits	Nil	Nil	Nil	0	Nil
Bankers' Acceptance Certificates	Nil	Nil	Nil	0	Nil
Negotiable Certificates of Deposit - Banks	Nil	Nil	Nil	0	Nil
Guaranteed Endowment Policies (sinking)	Nil	Nil	Nil	0	Nil
Repurchase Agreements - Banks	Nil	Nil	Nil	0	Nil
Municipal Bonds	Nil	Nil	Nil	0	Nil
Other	Nil	Nil	Nil	0	Nil
Municipality Total	2 143	2 442	24 533	22 025	7 861
					T5.10.4

5.11. PUBLIC PRIVATE PARTNERSHIPS

None.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Municipality implemented a supply chain management policy in line with the provisions of Supply Chain Management Regulation.

T5.12.1

5.13. GRAP COMPLIANCE

GRAP COMPLIANCE

The annual financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention. The annual financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practice (GRAP) as prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

As far as it has been practicable, applicable standards have been adopted retrospectively and prior-year figures have been restated to achieve comparability requirements.

It should be noted that these Annual Financial Statements have been audited in line with the Minister of Finance in terms of General Notice 991 and 992 of 2005 to comply with Section 126 of the MFMA from the normal submission date of 31 August each year.

T5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2019/2020

6.

6.1. AUDITOR GENERAL REPORTS 2021/22


The Auditor General report for 2021/22 is presented as an annexure after the municipal AFS and the municipality has received a Qualified Audit Opinion as detailed in the attached report.

6.2. MFMA COMPLIANCE

All MFMA and DORA returns are submitted by the municipality as required monthly, quarterly and annually.

Name of return	Submitted to
MONTHLY	
Financial Management Grant	PT and NT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	PT and NT
Section 71 Budget Statements	PT and NT
Supply Chain Management	NT/PT
MIG returns	PT and NT
Equitable Share	COGTA
QUARTERLY	
MFMA Implementation and monitoring checklist	NT
Municipal entities	N/A
Public Private Partnerships	N/A
Long-term contracts	NT
Borrowing	NT
ANNUALLY	
Appendix A	NT
Operating Statement Budget (OSB)	PT and NT
New Budget Regulations 1 April 2009	NT / PT

SIGNED CFO:



DATE: 05/04/2023

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

GLOSSARY

	which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
	FT/PT			%	%
Cllr. M. P. Nkosi	FT	<ul style="list-style-type: none"> Council Mayoral Committee Finance Committee 	Executive Mayor	100%	0%
Cllr. S. N. Xaba	FT	<ul style="list-style-type: none"> Council Rules and Ethics By-Laws and Policies 	Speaker	100%	0%
Cllr, B.G. Motha	FT	<ul style="list-style-type: none"> Council Mayoral Committee Planning and Economic Development 	Ward 8 - ANC	92%	8%
Cllr T.C. Motha	FT	<ul style="list-style-type: none"> Council Mayoral Committee Technical Services 	PR - ANC	77%	23%
Cllr E.C. Msezane	FT	<ul style="list-style-type: none"> Council Mayoral Committee Finance Committee 	PR - ANC	92%	8%
Cllr S. E. Ngovene	FT	<ul style="list-style-type: none"> Council Mayoral Committee Community & Social Services 	PR Ward 11 - ANC	100%	0%
Cllr. T.J. Madlala	FT	<ul style="list-style-type: none"> Council Mayoral Committee Corporate Services 	Ward 3- ANC	92%	8%
Cllr P.T Sibeko	FT	<ul style="list-style-type: none"> Council Whip of Council 	PR - ANC	100%	0%
Cllr S.S. Buthelezi	PT	<ul style="list-style-type: none"> Council 	Ward 1 - ANC	100%	0%
Cllr S.M. Mabuza	PT	<ul style="list-style-type: none"> Council 	Ward 2 - ANC	100%	0%
Cllr T. J. Maduna	PT	<ul style="list-style-type: none"> Council Women Caucus 	Ward 4 - ANC	100%	0%
Cllr. B.L. Ndlazi	PT	<ul style="list-style-type: none"> Council 	Ward 6 - ANC	100%	0%
Cllr. V.C.N. Madini	PT	<ul style="list-style-type: none"> Council 	Ward 5 - ANC	100%	0%
Cllr. B.A. Mahlalela	PT	<ul style="list-style-type: none"> Council 	PR - ANC	100%	0%

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
				%	%
Cllr. T.P. Zulu	PT	<ul style="list-style-type: none"> • Council • Finance Committee • Corporate Services • Community & Social Services • Municipal Public Accounts Committee • Women Caucus 	Ward 9 - ANC	100%	0%
Cllr S. P. Khalishwako	PT	<ul style="list-style-type: none"> • Council • Corporate Services • Technical Services • Municipal Public Accounts Committee • Finance Committee 	Ward 10 - ANC	62%	8%
Cllr M.M. Mkhaliphi	PT	<ul style="list-style-type: none"> • Council • Local Geographical Name • Corporate Services • Planning & Economic Development • Municipal Public Accounts Committee • By-Laws & Policies • Rules & Ethics 	Ward 12 - ANC	92%	8%
Cllr. N.R. Nkosi	PT	<ul style="list-style-type: none"> • Council • By-Laws and Policies 	Ward 13 - ANC	85%	0%
Cllr. Z. E. Zulu	PT	<ul style="list-style-type: none"> • Council 	Ward 14 - ANC	77%	15%
Cllr V.J. Maseko	PT	<ul style="list-style-type: none"> • Council • Planning & Economic Development • Municipal Public Accounts Committee 	Ward 15 - ANC	92%	0%
Cllr. P. H. Sibiya	PT	<ul style="list-style-type: none"> • Council • Community and Social Services • Finance Committee • Technical Services 	Ward 16 - ANC	92%	0%
Cllr. S.S. Cindi	PT	<ul style="list-style-type: none"> • Council • Technical Services 	Ward 17 - ANC	100%	0%

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
				%	%
		<ul style="list-style-type: none"> Local Geographical Name Municipal Public Accounts Committee 			
Cllr. B. J. Nkosi	PT	<ul style="list-style-type: none"> Council 	Ward 18 - ANC	100%	0%
Cllr M.A. Nzimande	PT	<ul style="list-style-type: none"> Council Municipal Public Accounts Committee 	Ward 19 - ANC	85%	15%
Cllr M.R. Yende	PT	<ul style="list-style-type: none"> Council Municipal Public Accounts Committee Plannning & Economic Development 	PR - EFF	100%	15%
Cllr A.M Mahlangu	PT	<ul style="list-style-type: none"> Council 	PR – EFF	92%	8%
Cllr M.Z. Nkosi	PT	<ul style="list-style-type: none"> Council 	PR - EFF	100%	0%
Cllr M.F.J. Ndlovu	PT	<ul style="list-style-type: none"> Council 	PR – EFF	100%	0%
Cllr S.F. Ngwenya	PT	<ul style="list-style-type: none"> Council Women Caucus Local Geographical Name 	PR – EFF	85%	8%
Cllr R.T. Nzimande	PT	<ul style="list-style-type: none"> Council 	PR – EFF	92%	0%
Cllr Z. Breydenbach	PT	<ul style="list-style-type: none"> Council Women Caucus By-Laws & Policies Municipal Public Accounts Committee 	Ward 7 - DA	100%	0%
Cllr S. C. Mathebula	PT	<ul style="list-style-type: none"> Council By-Laws & Policies Local Geographical Name 	PR – DA	92%	8%
Cllr B.I. Mabuza	PT	<ul style="list-style-type: none"> Council Rules & Ethics Community & Social Services 	PR – DA	85%	8%
Cllr	PT	<ul style="list-style-type: none"> Council 	PR - EFF	92%	8%
Cllr M. Z. Nkosi	PT	<ul style="list-style-type: none"> Council 	PR - EFF	100%	0%
Cllr D. F. Arnoldi	PT	<ul style="list-style-type: none"> Council Finance Committee 	PR -	100%	0%
Cllr J.D.A. Blignaut	PT	<ul style="list-style-type: none"> Council 	PR – FF+	92%	0%

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
				%	%
		<ul style="list-style-type: none"> Rules & Ethics Municipal Public Accounts Committee Technical Services Community & Social Services 			
Cllr J.J. Scholtz	PT	<ul style="list-style-type: none"> Council Finance Committee By-Laws & Policies 	PR -	100%	0%
Cllr M. S. Malaza	PT	<ul style="list-style-type: none"> Council Planning & Economic Development 	PR – DA	100%	0%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Corporate Services Committee	To exercise oversight on corporate services matters.
Public Safety Committee	To exercise oversight on Public Safety matters.
Technical Services Committee	To exercise oversight on Technical Services matters.
Community Services Committee	To exercise oversight on Community Services matters.
Finance Committee	To exercise oversight on Financial matters.
Rules and Ethics Committee	Oversight role on the code of conduct of Councillors.
By- Law and Policies Committee	Policy formulation, development and implementation.
Local Geographical Names Committee	Standardization and renaming of identified features and public facilities.
Led and Tourism Committee	Promotion of viable economic environment for sustainable growth.
Budget Evaluation committee	Evaluate the income and expenditure activities of the municipality and make recommendations to section 80 committees for oversight.
Local Aids Forum Council	Creating awareness on the scourge of HIV and AIDS pandemic including coordination HIV awareness programmes in various workplaces
Local labour Forum Committee	Advice on issues of mutual interest involving management and the workforce.
Moral Regeneration Movement Committee	Promotion of moral values within the society.
Municipal Public Account Committee	<ul style="list-style-type: none"> To promote good governance, transparency and accountability on the use of public funds and perform any tasks delegated by Council in terms of relevant applicable legislations,

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	<ul style="list-style-type: none"> To conduct investigation in the recovery of unauthorized, irregular and fruitless expenditure in terms of section 32 of the Municipal Finance Management Act (MFMA), To review the Municipality and its entities Annual Report and to develop an oversight report on the Annual Report.
Gender Youth and People with disabilities Committee	Playing an advocacy role in the protection of the rights and interests of the vulnerable groups comprising women, youth and people with disability.
T B	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Mr. P. Mabuza – Director Corporate Services
Finance	Mr S Phiri – Acting Chief Financial Officer
Technical Services	Mr F R Ntekele – Director Technical Services
Planning & Economic Development	Mr Maake - Director Planning and Economic Development
Community & Social Services	Mr S I Malaza – Director Community and Social Services
Office of the Municipal Manager	Mr C Lisa – Acting Municipal Manager
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2	
(T2.2.2).	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	Yes
Electricity and gas reticulation	Yes	Yes
Fire fighting services	Yes	No
Local tourism	No	Yes
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	Yes
Municipal public transport	No	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No

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Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N/A	N/A
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	N/A	N/A
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	Yes
Facilities for the accommodation, care and burial of animals	No	Yes
Fencing and fences	Yes	No
Licensing of dogs	N/A	N/A
Licensing and control of undertakings that sell food to the public	No	Yes
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	No	Yes
Municipal abattoirs	No	Yes
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	Yes
Pounds	No	Yes
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
One	Cllr S.S Buthelezi Zinhle Ngomane Surprise Nkosi Sphamandla Nkosi Thandeka Zamahlubi Radebe Innocent Mabuza Daniel Mavuso Nomalungelo Maseko	Yes	07	07	03
Two	Cllr S.M Mabuza Manqoba Nkosi Solly Nkosi John Norman Nkambule Phindile Agnes Mthethwa Lucky Benny Malinga Lindokuhle Enerst Mavuso Sithembiso Priscilla Hlengethwa Nokusa Sweetness Nkosi Sibongile Jane Mahlangu	Yes	06	06	02
Three	Cllr T.J Madlala Elijah Makhahlela Ngcongwane Sikhona Mkomo Nkululeko Mkhonza Nueem Ismail Ahmed Vally Ivan Thamsanqa Zulu Vusumuzi James Mavimbela	Yes	07	06	04
Four	Cllr T.J Maduna Fonono Dumisani Ntshangase Mxolisi Phineus Masilela Sibusiso A. Hlophe	Yes	05	05	03

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Thandeka F. Nkosi Innocent Sanele Mbendane Ntombi Zwane Dumisani Mahlangu Nosipho Fezile Vilakazi Simangele Godness Mashigo Gift Ndlangamandla				
Five	Cllr V.C Madini Thembi Gracious Zwane Whitey Sipho Simelane Sabetha Hazel Selepe Mzwandile Zulu Nqobile Lindokuhle Sibiya Samkelisiwe Nkambule Thembelihle Gama Zanele Magagula Habofande Ignatius Mokholane Patrick Richard Nkosi	Yes	06	06	05
Six	Cllr B.L Ndlazi Thandiwe Mkhwanazi Alvina Masimula Nonjabulo Jele Busisiwe Shongwe Nonsikelelo Portia Cindi Bagezile Masango Lumkile Jagger Skhumbuzo Phakathi Anastacia Mpatho Shongwe Ayanda Nkambule	Yes	06	04	01
Seven	Cllr Z Breydenbach Given Rendani Matamele Nkosinatho Robert Mabasa Johanna Maleka	Yes	05	05	02

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Lucky Simphiwe Mpungose Veli Mokoena Samuel Ragedi Masilo Malusi Ngcobo Maria Myburg Michael Philip Dos Reis Gerrit Christiaan Breydenbach				
Eight	Cllr B.G Motha Phathekile Maureen Magagula Makhehla J. Nkosi Thandeka Mthombeni Linah Ntombane Nkosi Lolo Busi Ngwenya Delisile Ester Mtsheweni Sandile Desmond Nkosi Siyabonga Herbet Shabalala Walter Msibi Sfiso Ngwenya	Yes	04	05	02
Nine	Cllr T.P Zulu Sibonelo Mhlanga Mildred Dudu Mayisela Jaybie Sibanyoni Marry-Jane Nomcebo Myeza Sibusiso Msibi Stanley Trust Nomakhosi Hlophe Simangele J Nkosi Lungile Angel Maseko Apolo Isaiah Nkambule	Yes	06	06	03
Ten	Cllr S. Ngovene Nurse Jabulile Nkosi Nurse Irene Mkhonto Sammy Mohlape Thabile Getrude Dlamini Nomacala Sophie Mofokeng Ntombizodwa Shabangu	Yes	07	07	04

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Vusi Willie Zitha Thembinkosi Derick Zwane Lovers December Mahlangu Sizwe Bafana Nkosi				
Eleven	Cllr S. Khalishwayo Sibusiso Ngqotheni Sifiso Thabiso Hadebe Thapelo Bongani Mshayisa Nompumelelo Mtshali Deliwe Alice Dhladhla Mandla Maseko Thokozisi Mthethwa Ntompela Ellie Mndawe Mpostoli Zulu Ntingile Nkosi	Yes	07	06	05
Twelve	Cllr Mkhaliphi Nhlanhla Slabbert Cynthia Nkosi Deli Nkosi Sinethemba Nkosi Sunday Mdluli Nhlanhla Nkosi Vusumuzi Mayisela Mveleni D.Zulu Nkosinathi Magwagwa Jacob Dumisani Dlamini	Yes	07	07	05
Thirteen	Cllr N.R Nkosi Sbongile Nhlabathi Esther .Rosa . Shabangu Thabo Sidwell Masina Doctor William Mnisi Sonto Mdladla Jacob Dumisani Dlamini Joseph Mahlangu Zanele Mlangeni Betty Mdluli Sibusiso Xaba	Yes	06	06	03

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Senzo J . Sibeko				
Fourteen	Cllr Z.E Zulu Bheki Richard Motsweni Mbali G. Zulu Sonto M. Maseko Fikile Ester Nzima Dumsani Joseph Mthembu	Yes	05	05	02
Fifteen	Cllr V.J Maseko Nhlakanipho Mdluli Mthokozisi Mathebula Bonginkosi Gininda Sizwe Blessing Khaba Sanele Ndlovu Nomkhosi Lucia Shiba Richard Manana Lungelwa G. Mkhonza	Yes	06	06	04
Sixteen	Cllr P.H Sibiya Mbongelwa Milton Mtungwa Nomusa Makwakwa Gugu Nkosi Nolthando Zwane Vuyile Tshabalala Thomas Makangane Siphesihle Mnisi Sibongile Nkosi Jabhi Makhanye Nontobeko Nkosi	Yes	08	08	05
Seventeen	Cllr S. Cindi Phindile Mafuna Thamsanqa Mokoena Phethile Zodwa Mkhathshwa Mfanimpela Maseko Jeremia Gwende Nkosi Thandukwazi Mavin Magagula Busisiwe Ngubeni	Yes	10	08	07

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Xolani Lindokuhle Kutu				
Eighteen	Cllr B.J Nkosi	Yes	05	05	03
	Doctor Phakathi				
	Thembisile Prudence				
	Mndebele				
	Duduzile Nkosi				
	Ntombifuthi Mathebula				
	Makhosonke Nsibande				
	Winnie Zwane				
	Bongane Methula				
	Delisile Nkosi				
	Sicolile Mkhonza				
Nineteen	Cllr M.A Nzimande	Yes	06	06	03
	Manqoba Ntuli				
	Sindiso T . Mokoena				
	Thulile Elsie Nkosi				
	Sydney A .Ndlovu				
	Zanele Zulu				
	Siphelile Masuku				
	Tshepo Mabizela				
	Mondli Henry Ngomane				
	Danile Christina				
	Mahlangu				
	Nkululeko Sithole				

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APPENDIX F – WARD INFORMATION

Ward Title: Ward 8				
Capital Projects: Seven Largest in 2019/2020 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
1	Upgrade of Wesselson/Ermelo Waste-Water Treatment Plant	12/08/2019	Multi-year	R 21 981 238
T F.1				

Ward Title: Ward 11				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
2.	Construction Sewer Network & top structures Sheepmoor	07/11/2018	Multi-year	R16 906 587
T F.1				

Ward Title: Ward 11				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
3.	Construction of Sheepmoor Oxidation Ponds	03/08/2019	Multi-year	R16 111 905
T F.1				

Ward Title: Ward 9				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
4.	Construction 4km 11kv line & switching station	04/11/2019	30/06/2020	R10 000 000
T F.1				

Ward Title: Ward 12 & 15				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
5.	Upgrade Silindile Street	30/09/2019	30/06/2020	R9 018 000
T F.1				

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Ward Title: Ward 12				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (20/20FY)
6.	Establishment of Fire Station at Lothair	12/02/2020	Multi-year	R6 923 412
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	48,551	50,436	46,178	36,952	
Households without minimum service delivery	2,538	653	4,911	14,137	
Total Households*	51,089	51,089	51,089	51,089	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for the Municipality (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2019/20
1	Provision of adequate water supply.	<p>All the water projects that were implemented during the Financial Year only one (1) completed and are as follows:</p> <ul style="list-style-type: none"> The Refurbishment Of The Northern Water Treatment Works Sludge Pump Station And Bypass Booster Pump Station) Installation of Boreholes and Bulk Water pipeline in Warburton Phase 2 Refurbishment Of Breyten Water Treatment Works
2	Provision of hygienic sanitation services.	<p>All of the sanitation projects that were implemented during the Financial Year only one (1) completed and are as follows:</p> <ul style="list-style-type: none"> Refurbishment Of Davel Waste Water Treatment Works Sewer Analysis Refurbishment of Ermelo WWTW Construction of sewer reticulation and toilet top structures at Sheepmoor Phase2 Construction of Oxidation Ponds at Sheepmoor - Civil Construction of oxidation Ponds at Sheepmoor (Implementing the Mechanical and Electrical work)
3	Provision roads and storm water management	<p>One (1) of the eight (8) projects that were under construction were completed and the other two (2) were implemented in phases and are as follows:</p> <ul style="list-style-type: none"> Upgrade of Mavundla Street in Ward 17 Upgrade of Motau and Tutu streets in Ward 17

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		<ul style="list-style-type: none"> • Upgrade of a road in Wesselton Ext 6, Ward 2 (Emadamini) • Construction of paved roads: Masango street 300m • Upgrading of the 14th Avenue in Wesselton Ext 2 • Upgrading of a street in Slindile new township Ward 12 & 15 • Upgrading of roads and storm water drainage system at Ndlangamandla and T. Khuzwayo street 660m Ring road • Upgrading of road at KwaDela by Old Cemetery 600m
4	Electricity	<p>The Municipality implemented a project; installation of high-mast within its jurisdiction. Other projects that were implemented are as follows:</p> <ul style="list-style-type: none"> • Installation of Highmast Lights • Design and Construction (Turnkey) of an indoor switch gear station at Wesselton Ext 7
T F.3		

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2020/2021

Municipal Audit Committee Recommendations			
Date of Committee	Audit Committee recommendations during 2021/2022	Action Taken	Recommendations adopted (enter Yes); not adopted (provide explanation)
27 JULY 2021	The Audit Committee requested a detailed report on how the overtime will be reduced on a month-to-month basis, and control measures put in place by management to address the issue.	Report is attached	Yes
12 NOVEMBER 2021	The Audit Committee requested an update on how far the Municipality is in the formulation of the strategy to reduce overtime and ensure that it remains within the budget.	Monthly performance report will be provided	Yes
27 JULY 2021	The Audit Committee requested that we deal with the compliance report as well.	Report to be table to the next audit committee sitting	Yes
27 JULY 2021	The Audit Committee requested a report on how prepaid revenue is performing from month to month and be a standing agenda item going forward.	Narrative is added on the not addressed column	Yes
27 JULY 2021	The Audit Committee requested that a comprehensive report be submitted in the next meeting indicating the relationship we have with BCX currently.	Implementation dates have been revised	Yes
27 JULY 2021	The Audit Committee requested that we add narratives on the action plans to ensure that	A Financial Recovery Plan report has been submitted	Yes

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	we know what they mean when they say the action is not addressed	S80 and to be presented to Audit Committee	
12 NOVEMBER 2021	The Audit Committee noted the Financial Recovery Plan and requested that the Acting CFO present the report as a summary or PowerPoint in the next special meeting tabling the Audit report.	The actual performance on the indicators has been corrected to reflect percentages.	Yes
12 NOVEMBER 2021	The Audit Committee requested management to correct the reporting format on KPI's 46-48 and make it percentages and not numbers so that they are in line with the set criteria.	The reasons under achievement were corrected on KPI to reflect the institutional performance	Yes
12 NOVEMBER 2021	The Audit Committee further indicated that reasons for non-achievement on KPI's (KPI 49) must be revisited to talk to the organization not sections as the report is an organizational report.	The Draft Annual Report for the 2020/2021 was tabled in Council on the 28th of January 2022 and submitted to relevant stakeholders	Yes
12 NOVEMBER 2021	The Audit Committee raised a concern on the appointment of meter readers, as this matter has been long overdue, and it was resolved that the Director Corporate Services must try and fast track the recruitment process.	Nine (9)-Meter Readers for Ermelo were appointed however of the 9-meter readers appointed only seven (7) who are still interested and have accepted the offer.	Yes
21 JANUARY 2022	Follow up on the Annual Report	The revenue projected collection has been estimated at 69% on all services and 78% on Electricity on the 2022/2023 Budget.	Yes
21 JANUARY 2022	Revenue projections must be realistic and must be revised downwards from the 80% payment rate to the range of 63% to 65%, which is the actual payments for the past six months and that all departments must revisit and reduce their line items.	Contract with service provider had ended May 2021	Yes
21 JANUARY 2022	The Audit Committee member further indicated that the conditions of the SLA of the current debtor collectors be evoked as they are ineffective and ensure that all claims are thoroughly reviewed and as per the work done.	Meeting was held with the former TROIKA and MPAC	Yes
21 JANUARY 2022	Audit committee to meet with TROIKA and MPAC and be able to engage them on the situation the municipality is currently facing.	Recons are being done on a monthly basis	Yes
21 JANUARY 2022	Finance to ensure that Reconciliations on all bank accounts are done	Sittings of the pre-audit meetings have been conducted on the 15 June 2022	Yes

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14 MARCH 2022	A pre-audit Committee meeting that management must have prior to meeting with the Audit Committee, so that management ensures that it has discussed and addressed all issues to be tabled to the Committee.	Sittings of the pre-audit meetings have been conducted 15 June 2022	Yes
14 MARCH 2022	Acting Municipal Manager to have post-audit committee meeting, in order to review all concerns raised by the Audit Committee, and to allocate roles and responsibilities of the resolutions made by the Committee	Management has reviewed the Resolution Register, on the pre-audit meeting held on the 15 June 2022	Yes
14 MARCH 2022	Management to provide an adequate and updated resolution register on the next Audit Committee meeting, indicating actions, time frames and responsible individual for resolutions taken	Report to be presented on the Audit Committee meeting to be held on the 29th June 2022	Yes
14 MARCH 2022	The Audit Committee recommended that the municipality should start dealing with its AFS preparation plan, which management should deal with before the sitting of the next Audit Committee ordinary meeting.	Meeting was held	Yes
14 MARCH 2022	The Audit Committee to meet with the MPAC in order to consider the annual report/Oversight report.	Meeting was held on the 29th March 2022	Yes
14 MARCH 2022	A meeting between the Audit Committee and the TROIKA to be scheduled.	FRP report to be presented by the Acting Chief Financial Officer	Yes
14 MARCH 2022	Audit Committee recommended that management needs to give a detail report/action plan that will give progress that has been done thus far in the implementation of the FRP and the actions to be executed in addressing the continuous challenges faced in the implementation of the FRP. (Financial Recovery Plan summary progress report must be in PowerPoint)	Report is attached	Yes

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Medium/ Long Term Contracts (Largest Contracts Entered into 2021/2022 R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Africando Civil & Project Managers	Feasibility Study Upgrade of Ermelo WWTW and New Southern WWTW	12-Jul-21	11-Jan-22	Technical department	R 699,200.00
BTMN Engineers	Upgrade of Ermelo Ext 32; 33 & 34 Outfall Sewer Pipeline	12-Jul-21	13-Jul-23	Technical department	R 2,051,140.00
Gemini Garden Trading 400 cc JV Skotane	Design and Construction (Turn-key) for Replacement of A 20MVA, 88/11KV Substation	16-Jul-21	15-Apr-22	Technical department	R 9,790,652.17
TIRISANO HUMAN-CENTERED CONSULTING ENGINEERS	Appointment of a Prospective Bidder (Consultant) for the design and construction monitoring of the installation of sewer reticulation at Breyten Ext 4 (Enkanini)	15-Oct-21	14-May-22	Technical department	R 337,550.00
SCIP ENGINEERING GROUP	Appointment of a Prospective Bidder (Consultant) for the design and construction monitoring of the installation of water reticulation in Wesselton Extension 11 Phase 1 & 2	15-Oct-21	14-Jul-22	Technical department	R 296,480.63

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KGWEBISANO SUPPLIES & SERVICES	3,6 MVA Bulk Kwazanele Substation Refurbishment	3-Mar-22	4-Aug-22	Technical department	R 4,317,596.99
SHWINGS	Upgrading of Wesselton Extension 3 Boxer Intersection	3-Mar-22	4-Aug-22	Technical department	R 7,748,318.45
VDAN CONSTRUCTION	Upgrading of KwaZanele Masizakhe Road	3-Mar-22	4-Aug-22	Technical Department	R 6,476,889.33
OAKANTSWE CONSTRUCTION & PROJECTS	Electricification of Kwazanele Extension 6	3-Mar-22	4-Aug-22	Technical department	R 5,178,372.33
NDIZA SOLUTIONS (PTY) LTD	Rehabilitation of Emadamini Extension 6 Taxi Collector	3-Mar-22	4-Aug-22	Technical department	R 11,381,062.69
VDAN CONSTRUCTION	Installation of Sewer reticulation at Breyten Extension 4 (Enkanini)	14-Apr-22	13-Jul-22	Technical Department	R 926,572.25
THULATSHEPO GENERAL TRADING	Upgrading of Ermelo Extension 32, 33 and 34 Outfall Sewer Pipeline	14-Apr-22	30-Jun-23	Technical department	R 41,790,993.56
SOVULANE PROJECTS JV PHAMBILI BO GULIWE	Installation of Water reticulation of Wesselton Extension 11 Phase 1 & 2	14-Apr-22	13-Aug-22	Technical department	R 1,899,923.00
T H.1					

Public Private Partnerships Entered into					
				2021/22	R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value
No PPPs entered with the municipality	-	-	-	-	-
T H.2					

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APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule								
Service Objectives	Outline Service Targets	2017/18		2018/19		2019/20		2020/21
		Target	Actual	Target	Actual	Target	Actual	Future
Service Indicators								
Service Objective: To provide sustainable basic services and sustainable infrastructure								
None – Contained in Appendix M								
								T I

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	MP Nkosi	Nil
Speaker	NS Xaba	Nil
Council Whip	PT Sibeko	Nil
Member of the Mayco	ZE Zulu	Nil
Member of the Mayco	EC Msezane	Nil
Member of the Mayco	SE Ngovene	Nil
Member of the Mayco		
Councillor	LL Nhlapho	Nil
Councillor	JDA Bignaut	Nil
Councillor	TC Motha	Nil
Councillor	BL Ndlazi	Nil
Councillor	BG Motha	Nil
Councillor	MS Malaza	Nil
Councillor	BI Mabuza	Nil
Councillor	TP Zulu	Nil
Councillor	MR Yende	Nil
Councillor	PH Sibiya	Nil
Councillor	JJ Scholtz	Ermelo Sand CC, Pro Fire Ermelo, Pro Engineering Bolts and Nuts
Councillor	MA Nzimande	Nil
Councillor	T Nkosi	Nil
Councillor	NR Nkosi	Nil
Councillor	MZ Nkosi	Nil
Councillor	BI Nkosi	Nil
Councillor	SF Ngwenya	Nil
Councillor	SE Ngovene	Nil
Councillor	MFJ Ndlovu	ICT Logistics, Palmsco Group
Councillor	VCN Madini	Nil
Councillor	SM Mabuza	Nil
Councillor	TJ Maduna	Nil
Councillor	BA Mahlalela	Nil
Councillor	VJ Maseko	Nil
Councillor	SC Mathebula	Nil
Councillor	MM Mkhaliphi	Nil

APPENDICES

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022		
Position	Name	Description of Financial interests* (Nil / Or details)
Councillor	DVF Arnoldi	Ecological Services
Councillor	Z Breytenbach	Ermelo Properties
Councillor	SSS Buthelezi	Nil
Councillor	SS Cindi	Nil
Councillor	SP Khalishwako	Sasol Inzalo shares, Amabuzi , Siyasho Ngani CC, Cormmerial Farm
Councillor	TJ Madlala	Nil
Councillor	AM Mahlangu	Nil
Councillor	RT Nzimande	Nil
Municipal Manager		
Chief Financial Officer		
Deputy Chief Financial Officer	S Phiri	Nil
Directors	PS Mabuza	Nil
	SI Malaza	Nil
	FR Ntekele	Nil
	D Maake	Nil
Other S57 Officials	None	
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
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APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue and Expenditure by Vote										
Vote Description	Ref	2020/2021	Budget Year 2021/2022							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	###									
Vote 01 - Executive & Council		241 587	200 300	226 225	0	211 705	226 225	(14 520)	-6,4%	226 225
Vote 02 - Finance & Administration		140 756	205 066	195 955	15 982	192 679	195 955	(3 276)	-1,7%	195 955
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - SportAnd Recreation		98	67	61	10	115	61	54	87,8%	61
Vote 05 - Public Safety		6 723	6 269	6 459	158	1 840	6 459	(4 618)	-71,5%	6 459
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		2 957	4 833	5 658	465	6 121	5 658	463	8,2%	5 658
Vote 09 - Community & Social Services		5 617	10 382	1 302	90	1 022	1 302	(280)	-21,5%	1 302
Vote 10 - Electricity		226 189	306 060	265 165	21 506	247 303	265 165	(17 862)	-6,7%	265 165
Vote 11 - Water Management		229 147	227 226	212 801	5 905	181 988	212 801	(30 813)	-14,5%	212 801
Vote 12 - Waste Water Management		53 759	65 193	60 681	4 530	53 758	60 681	(6 924)	-11,4%	60 681
Vote 13 - Waste Management		49 737	66 580	53 140	4 358	45 492	53 140	(7 648)	-14,4%	53 140
Vote 14 - Road Transport		2 623	2 660	2 792	-	2 350	2 792	(442)	-15,8%	2 792
Vote 15 - Other		12 757	10 602	11 202	1 569	11 770	11 202	569	5,1%	11 202
Total Revenue by Vote	###	971 950	1 105 237	1 041 441	54 574	956 144	1 041 441	(85 297)	-8,2%	1 041 441
Expenditure by Vote	###									
Vote 01 - Executive & Council		53 951	64 014	54 511	3 551	43 658	54 511	(10 853)	-19,9%	54 511
Vote 02 - Finance & Administration		186 830	169 711	152 222	13 972	123 410	152 222	(28 812)	-18,9%	152 222
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - SportAnd Recreation		11 898	12 282	11 886	257	5 859	11 886	(6 027)	-50,7%	11 886
Vote 05 - Public Safety		25 814	29 720	30 777	1 869	25 348	30 777	(5 429)	-17,6%	30 777
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		10 708	18 476	13 078	952	10 372	13 078	(2 705)	-20,7%	13 078
Vote 09 - Community & Social Services		59 173	67 278	67 634	9 865	60 809	67 634	(6 825)	-10,1%	67 634
Vote 10 - Electricity		334 610	456 233	422 705	132 274	382 900	422 705	(39 805)	-9,4%	422 705
Vote 11 - Water Management		145 908	135 182	130 311	6 866	50 868	130 311	(79 444)	-61,0%	130 311
Vote 12 - Waste Water Management		48 372	52 550	54 238	2 269	29 195	54 238	(25 043)	-46,2%	54 238
Vote 13 - Waste Management		63 526	41 496	41 662	19 373	50 651	41 662	8 989	21,6%	41 662
Vote 14 - Road Transport		84 843	85 785	84 082	2 600	42 032	84 082	(42 051)	-50,0%	84 082
Vote 15 - Other		10 475	10 784	10 865	1 152	10 270	10 865	(594)	-5,5%	10 865
Total Expenditure by Vote	###	1 036 108	1 143 511	1 073 970	194 999	835 371	1 073 970	(238 599)	-22,2%	1 073 970
Surplus/(Deficit) for the year	###	(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)	153 302	-471,3%	(32 529)
References										
1. Insert 'Vote'; e.g. Department, if different to standard classification structure										
2. Must reconcile to Monthly Budget Statement - Financial Performance Statement (standard classification)										

APPENDICES

APPENDIX K (I): REVENUE AND EXPENDITURE PERFORMANCE BY FUNCTIONAL CLASSIFICATION

Revenue Collection Performance by Source

Revenue Collection Performance by Source		Ref	2020/21	Budget Year 2021/2022						
Description	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		126 006	191 337	183 123	15 093	181 646	183 123	(1 478)	-1%	183 123
Service charges - electricity revenue		217 317	276 349	242 727	21 021	240 846	242 727	(1 881)	-1%	242 727
Service charges - water revenue		73 615	70 556	64 319	5 245	64 327	64 319	8	0%	64 319
Service charges - sanitation revenue		46 957	43 432	48 326	4 073	48 774	48 326	448	1%	48 326
Service charges - refuse revenue		38 971	50 859	40 183	3 360	40 181	40 183	(2)	0%	40 183
Rental of facilities and equipment		2 500	2 688	2 657	233	2 728	2 657	72	3%	2 657
Interest earned - external investments		949	300	300	129	1 080	300	780	260%	300
Interest earned - outstanding debtors		41 446	41 985	27 580	2 705	29 709	27 580	2 128	8%	27 580
Dividends received								-		
Fines, penalties and forfeits		5 971	5 239	5 239	17	182	5 239	(5 057)	-97%	5 239
Licences and permits		3 432	1 553	2 560	632	3 674	2 560	1 114	44%	2 560
Agency services		9 276	9 000	8 600	926	8 001	8 600	(599)	-7%	8 600
Transfers and subsidies		226 918	207 727	208 157	0	205 218	208 157	(2 939)	-1%	208 157
Other revenue		5 571	5 142	7 649	517	6 305	7 649	(1 344)	-18%	7 649
Gains		2 283	-	953	623	1 734	953	782	82%	953
Total Revenue (excluding capital transfers and contributions)		801 211	906 168	842 373	54 574	834 406	842 373	(7 967)	-1%	842 373
Expenditure By Type										
Employee related costs		244 257	271 209	282 891	21 136	251 304	282 891	(31 587)	-11%	282 891
Remuneration of councillors		16 058	17 648	17 648	1 054	13 792	17 648	(3 856)	-22%	17 648
Debt impairment		49 764	152 853	80 202	27	62 453	80 202	(17 749)	-22%	80 202
Depreciation & asset impairment		137 048	139 146	140 616	-	41 953	140 616	(98 663)	-70%	140 616
Finance charges		103 372	-	29 200	-	-	29 200	(29 200)	-100%	29 200
Bulk purchases - electricity		264 680	340 294	330 294	125 637	322 081	330 294	(8 213)	-2%	330 294
Inventory consumed		97 951	79 215	72 259	7 602	25 139	72 259	(47 119)	-65%	72 259
Contracted services		63 101	84 523	66 461	14 557	56 641	66 461	(9 820)	-15%	66 461
Transfers and subsidies		-	-	-	-	-	-	-		-
Other expenditure		50 120	58 624	54 401	8 795	45 818	54 401	(8 583)	-16%	54 401
Losses		9 759	-	-	16 192	16 192	-	16 192	#DIV/0!	-
Total Expenditure		1 036 108	1 143 511	1 073 970	194 999	835 371	1 073 970	(238 599)	-22%	1 073 970
Surplus/(Deficit)		(234 897)	(237 342)	(231 598)	(140 425)	(965)	(231 598)	230 632	(0)	(231 598)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		169 259	199 069	199 069	-	121 738	199 069	(77 330)	(0)	199 069
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		1 480	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
Taxation								-		
Surplus/(Deficit) after taxation		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
References										
1. Material variances to be explained on Table SC1										

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
R						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Original Budget	Adjustment Budget	
Audited AFS Note 23	R	R	R	%	%	
Municipal Systems Improvement Grant	0	0	0	0%	0%	
Finance Management Grant	3 000 000	3 000 000	3 000 000	0%	0%	
EPWP	2 062 310	2 062 310	2 062 310	0%	0%	
SETA Grants	303 131	300 131	303 131	0%	0%	
PMU	2 618 300	2 618 300	2 618 300	0%	0%	
Municipal Disaster Relief Fund Grant	0	0	0	0%	0%	
GSDM Contribution COVID-19	0	0	0	0%	0%	
Total	7 983 741	7 983 741	7 983 741	0%	0%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						
						T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

The Financial management grant were spent according to the FMG support plan. Funds were utilized to employ interns, assist with the compiling of the Annual Financial Statements. The EPWP grant were utilised to appoint and ensure payment of contract workers.

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APPENDICES

APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2020/2021

Project Name	Ward No.	2020/21 FY Budget	Expenditure	Project Status
Purchase of LDVs/fleet for departments	11	R 3 000 000	R 20 077 332	Project Completed (100%)
Establishment of a fire station at Lothair/Silindile town - Phase 1	15	R 2 068 309	R 2068309.09	Completed (100%)
Procurement of the Yellow Fleet for the waste management	14	R 2 400 000	R 2400000.00	Completed (100%)
Purchase of a Dozer for land fill site	19	R 5 000 000	R 0	Completed (100%)
Upgrade of Mavundla Street in Ward 17 Multi -Year	17	R 1 638 067.32	R 1683855.31	Implementation (95%)
Upgrading of Masango Street with Associated storm-water drainage System	5	R 735 960	R 735959.68	Completed (100%)
Upgrading of the 14th Avenue in Wesseltown Ext 2	15	R 858 425	R 858 424.84	Completed (100%)
Upgrading of Ndlangamandla and T Khuzwayo Street Ring Road	9	R 5 661 711	R 5320707.77	Completed (100%)
Upgrading of road at KwaDela by Old Cemetery	10	R 2 578 257	R 2577171.50	Completed (100%)
Upgrade of Wessels road	6	R 5 600 000	R 5599985.63	Implementation (88.75%)
Refurbishment of Breyten Water Treatment Works (WTW)	13	R 6 460 339	R 6460338.90	Completed (100%)
Installation of boreholes and bulk water pipeline in Warburton phase 2	12	R2 169 003	R 3969002.61	Designs & Implementation (94.88%)
Construction Of A 10 MI Reservoir At Ermelo Ext 44 & associated pipe works	8	R7 429 873.23	R 8721946.07	Implementation SLA with DHS (78.75%)
Refurbishment of Southern Water Treatment Works	8	R 2 570 126.77	R 2570126.77	Implementation SLA with DHS (90%)
Purchase of water tankers	All	R 2 700 000	R 4500000.00	Completed (100%)
Electro-Mechanical Upgrades To Extension 32, 33 And 34 Pump stations In Ermelo	16	R 9 813 039	R 46859774.79	Implementation SLA with DHS (75%)
Refurbishment Of Davel Waste Water Treatment Works	10	R 4 139 613	R 6895541.38	Completed (45%)
Refurbishment of Ermelo WWTW	1,2,3,4, 5,6,7,8, 9,11,17	R5 826 806	R5 862 807	Project implementation (100%)
Refurbishment of Oxidation ponds-Breyten	13 & 14	R5 475 932	R6 020 171	Construction (74.75%)

APPENDICES

Refurbishment of Kwazanele WWTW	14	R5 500 000	R5 500 000	Project implementation (90%)
Construction of sewer reticulation and toilet top structures at Sheepmoor Phase2	11	R2 002 682	R2 002 682	Project implementation (100%)
Construction of oxidation ponds at Sheepmoor - Civil	11	R1 158 579	R6 123 339	Project implementation (100%)
Installation of High Mast Lights	Various wards	R 1 179 189	R 1 576 412	Implementation 63%)
Refurbishment of Electricity network at Breyten	13	R8 500 000	R0	Project implementation (0%)
Purchase of crane truck	Mun	R1 700 000	R0	Completed (100%)

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT BY WARD 2020/2021

See Appendix M

APPENDIX O – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Schools are provided with all municipal services except solid waste collections at farm schools.				
Clinics (NAMES, LOCATIONS)				
Clinics are provided with all municipal services.				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				
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APPENDICES

APPENDIX P – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
<u>Clinics:</u>		
Farm areas	High	Mobile clinics not doing regular visits. Communities have to travel to towns to access health services and some do not afford transport fares. The elderly are the most affected.
<u>Housing:</u>		
Ermelo extension 32, 34, Nganga, Wesselton ext.3 and other areas.	Medium	There is a complaint about houses that are taking too long to be built or completed and those that were not built at all while beneficiaries are approved as beneficiaries on the Dept. of Human Settlement database.
<u>Licensing and Testing Centre:</u>		
Documentation that must be sent to the Provincial Department of Community Safety, Security and Liaison help desk takes long for verifications, approval and capturing.	High	Affects the community at large due documents that are not processed on time including our own personnel
<u>Schools (Primary and High):</u>		
Khayelisha settlement at Ward 9	Medium	The settlement has grown and due to the population growth and urban migration. So, there is a need for a primary school. The current Wesselton Primary school is too far for small kids and often parents struggle to pay transport fees for the kids.

APPENDIX Q – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

No grants were made by the municipality.

APPENDIX R – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

There were no returns made in accordance with Section 71 of the MFMA.

ANNUAL FINANCIAL STATEMENTS



Msukaliqwa Local Municipality
Annual Financial Statements
for the year ended 30 June 2022

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	Local Municipality
Mayoral committee	
Executive Mayor	Cllr. M.P. Nkosi
Speaker	Cllr. N.S. Xaba
Chief Whip	
MMC - Corporate Services	Cllr. T.J. Madlala
MMC - Technical Services	Cllr. T.C. Motha
MMC - Community and Social Services	Cllr. S.E. Ngovene
MMC - Finance	Cllr. E.C. Msezane
MMC - Planning Economic Development	Cllr. B.G. Motha
Councillors	Cllr. D.V.F. Arnoldi
	Cllr. J.D.A. Blignaut
	Cllr. Z. Breydenbach
	Cllr. S.S.S. Buthelezi
	Cllr. S.S. Cindi
	Cllr. A.M. Estate
	Cllr. S.P. Khailshwa
	Cllr. L.N.V. Kubheka
	Cllr. B.I. Mabuza
	Cllr. S.M. Mabuza
	Cllr. V.C.N. Madini
	Cllr. T.J. Maduna
	Cllr. B.A. Mahlalela
	Cllr. M.S. Malaza
	Cllr. V.J. Maseko
	Cllr. S.C. Mathebula
	Cllr. M.M. Mkhalipti
	Cllr. B.L. Ndlezi
	Cllr. M.F.J. Ndlovu
	Cllr. S.F. Ngwenya
	Cllr. L.L. Nhlapho
	Cllr. B.J. Nkosi
	Cllr. M.Z. Nkosi
	Cllr. N.R. Nkosi
	Cllr. T. Nkosi
	Cllr. M.A. Nzimande
	Cllr. R.T. Nzimande
	Cllr. J.J. Scholtz
	Cllr. P.T. Sibeko
	Cllr. P.H. Sibiyi
	Cllr. M.R. Yende
	Cllr. T.P. Zulu
	Cllr. Z.E. Zulu
Out-going council following the local government elections	
Executive Mayor	Cllr. B.J. Mkhalipti
Speaker	Cllr. M.P. Nkosi
Chief Whip	Cllr. P.E. Mashiane
MMC - Corporate Services	Cllr. J.A. Bal
MMC - Technical Services	Cllr. E.C. Msezane
MMC - Community and Social Services	Cllr. T.A. Mnisi
MMC - Finance	Cllr. B.J. Mkhalipti
MMC - Planning Economic Development	Cllr. J.S. Bongwe

Msukaliqwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

General Information

Councillors

Cllr. T.C. Motha
Cllr. Z. Breydenbach
Cllr. G.S. Greyling
Cllr. B.I. Jiyane
Cllr. F.J. Mabasa
Cllr. B.I. Mabuza
Cllr. M.E. Madonsela
Cllr. L.S. Mahlangu
Cllr. L.A. Maseko
Cllr. M.Z.M. Mashiane
Cllr. P.E. Mashiane
Cllr. V.V. Mazibuko
Cllr. L.D. Mdebele
Cllr. T.J. Madlala
Cllr. P.F. Motoyi
Cllr. B.N.N. Ndlovu
Cllr. D.M. Nkambule
Cllr. T. Nkosi
Cllr. Z.J. Nkosi
Cllr. J.J. Nzimande
Cllr. P.T. Sibeko
Cllr. B.J.M. Sithole
Cllr. H.F. Swart
Cllr. D.J. Litau
Cllr. M.R. Yende
Cllr. Z.K. Dhludhu
Cllr. J.D.A. Bilgnaut
Cllr. M.J. Blose
Cllr. L.N.V. Kubheka
Cllr. D. Mabunda
Cllr. N.H. Magagula
Cllr. M. Sibeko

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

General Information

Grading of local authority	4
Accounting Officer	Mr. M. Kunene - Appointed 12 August 2022
Acting Accounting Officer	Mr. C.J. Lisa - Appointed 28 February 2022 Mr. B.C. Sibeko - Appointed 26 November 2021 Mr. S.I. Malaza - Appointed 26 February 2021
Chief Finance Officer (CFO)	Vacant
Acting Chief Finance Officer (ACFO)	Mr. S.M. Phiri
Registered office	Civic Centre C/o Kerk and Taute Street Ermelo 2350
Business address	Civic Centre C/o Kerk and Taute Street Ermelo 2350
Postal address	PO Box 48 Ermelo 2350
Bankers	First National Bank Limited Standard Bank Limited
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	TMN Kgomo & Associates Mhlongo Khumalo Attorney Gildenhuys Malaji Attorneys Mochlala Attorneys Sefalafala Attorneys Julie Mahommed Attorneys Marivate Attorneys L Guzana Inc Madonsela Mthunzi Inc Sibeko Attorneys Bekker, Brink and Brink Attorneys
Rounding	All amounts have been rounded to the nearest R1
Website	www.msukaligwa.gov.za
Contact number	Tel: 017 8611 Msuka (086 116 7852) Fax: 017 801 3851

Msukaliqwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Audited
By
2022 -12- 13

Auditor General South Africa
Mpumalanga Business Unit

LP

Msekaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Abbreviations

ACFO	Acting Chief Financial Officer
AGSA	Auditor-General of South Africa
CFO	Chief Financial Officer
COD	Compensation for Occupational Injuries and Diseases
COVID 19	Corona Virus 2019
DCSSL	Department of Community Safety, Security And Liaison
GRAP	Generally Recognised Accounting Practice
GSDM	Gert Sibande District Municipality
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
LG SETA	Local Government Sectoral and Training Authority
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
PPP	Public Private Partnership
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund

**Audited
By**

2022 -12- 13

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Mpumalanga Business Unit**

LP

Msukaliywa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements 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 2023 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 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.

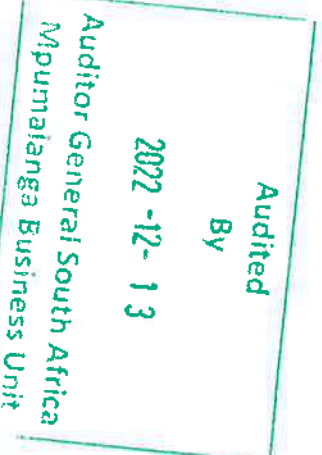
The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 8 - 8 .

The annual financial statements set out on page 10 - 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed.

Mr. M. Kunene
Municipal Manager

Ermelo

31 August 2022



Msekaliqwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Audit Committee Report

1. Audit committee members and attendance

The Audit committee consists of the members listed hereunder and should meet four times a year, as per its approved terms of reference. During the current year 07 meetings were held.

Outgoing Audit & Performance Committee:

Name of member	Number of meetings attended
N. Marobane	1
B.P. Mosomane	1
F. Mudau	1

In coming Audit Committee:

Name of member	Number of meetings attended
F. Mudau	6
P.B. Mosomane	5
N. Maseko	6
P. Mangoma	5
M. Mmapheto	6

2. Audit committee responsibility

The Audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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.

3. The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV report on Corporate Governance requirements, Internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal auditors, the Audit report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviation therefrom. Accordingly, we can report that the system of internal controls over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The Audit committee is satisfied with the content and quality of monthly and quarterly report prepared and issued by the Accounting Officer of the municipality during the year under review.

4. Internal audit

The Audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Audited
By
2022 -12- 13
Auditor General South Africa
Mpumalanga Business Unit

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2022.

1. Review of activities

Operations

Net surplus of the municipality was R49,331,085 (2021: deficit R62,682,957).

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 Provincial Executive of the Mpumalanga Provincial Government intervened in the municipality in terms of section 139(1)(b) of the Constitution and Section 139(5) of the Constitution read with Section 139 of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003).

As part of the intervention by the Provincial Executive, the Municipal Financial Recovery Services unit within the Provincial Treasury has been requested to assist with the development of a financial recovery plan for Msukaligwa Local Municipality. The financial recovery plan was developed, approved and implemented in the current financial year under review and has been monitored on a monthly basis.

The primary responsibility to avoid, identify and resolve financial problems rests with the Msukaligwa Council and the Plan must be monitored by Council, the Executive Mayor and the Municipal Manager to ensure successful implementation, and places significant implementation responsibility on the Municipal Manager, Chief Financial Officer and other senior managers.

The Municipality should move away from short term and reactionary planning to a long term stable and sustainable framework, hence the Municipality must prioritise the development of a long term spatial and financial plan that is realistic and achievable and based on sound socio-economic analysis. The financial indicators issued in MFMA Circular 71 should also be used as a basis for such a long-term financial plan.

3. Subsequent events

The post of Municipal Manager was filled on 12 August 2022.

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

4. Accounting Officer's interest in contracts

The accounting officer does not have any direct or indirect interest's in contracts.

5. Accounting policies

The annual financial statements prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (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	Changes
Mr. M. Kunene	Appointed 12 August 2022
Mr. C.J. Lisa	Appointed February 2022 - August 2022
Mr. B.C. Sibeko	Appointed November 2021 - January 2022
Mr. S.I. Malaza	Appointed February 2021 - November 2022

Audited

By

2022-12-13

A.F

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Accounting Office's Report

7. Corporate governance

General

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

The municipality confirms and acknowledges its responsibilities in lieu of the MFMA, MSA and related Regulations as issued from time to time by National Treasury. We further note responsibilities with regards to the requirements of King IV. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the entity's compliance with the code on a three monthly basis.

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

Audit and risk committee

In the year under review, the Audit committee was established, and the Audit Committee members appointed, as well as the Chairperson of the Risk Committee are as follows:

Audit Committee members:

Position	Name	Date appointed
Chairperson Members:	Ms F. Mudau	02 August 2021
	Ms P. B. Mosomane	02 August 2021
	Ms. N. Maseko	02 August 2021
	Ms P. Mangoma	02 August 2021
	Mr M. Mmapheto	02 August 2021

Risk Committee member:

Position	Name	Date appointed
Chairperson	L. Gafane	02 August 2021

In terms of Section 166 of the Municipal Finance Management Act, (Act 56 of 2003), the municipality, must appoint members of the Audit Committee. Notwithstanding that councillors appointed by the parent municipality constituted the municipal Audit Committees, National Treasury policy requires that municipalities should appoint further members of the entity's audit committees who are not councillors of the municipality onto the audit committee.

Internal audit

The municipality has a fully functional Internal Audit Unit. This is in compliance with the Municipal Finance Management Act, 2003.

The Internal Audit Function must apply to IIA Standards during the course of implementation of their work. Reports are submitted quarterly to the ARC for consideration and approval.

8. Bankers

The bankers of the municipality are First National Bank Limited which is used for ²⁰²²daily operations as well as investing of grant funding.

9. Auditors

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

Auditor General South Africa
Mpumalanga Business Unit

LP

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Accounting Office's Report

10. Public Private Partnership

In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- money's deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commencement.

The municipality has no PPP agreements.

The annual financial statements set out from page 10 - 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022.

Mr. M. Kunene
Municipal Manager

Audited
By
2022-12-13
Auditor General South Africa
Mpumalanga Business Unit

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Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	7	13,003,712	26,063,539
Receivables from exchange transactions	8&10	146,660,286	125,349,964
Receivables from non-exchange transactions	9&10	59,810,828	41,729,516
VAT receivable	11	115,462,266	97,371,801
Cash and cash equivalents	12	9,661,538	7,833,380
		344,598,630	298,348,200
Non-Current Assets			
Investment property	3	180,113,008	114,321,362
Property, plant and equipment	4	2,537,476,313	2,380,992,260
Intangible assets	5	61,916	108,045
Heritage assets	6	174,895	192,195
		2,717,826,132	2,495,613,862
Total Assets		3,062,424,762	2,793,962,062
Liabilities			
Current Liabilities			
Finance lease obligation	13	1,179,875	1,337,562
Payables from exchange transactions	14	1,574,804,067	1,364,686,687
Consumer deposits	15	19,243,836	18,566,235
Employee benefit obligation	16	5,605,000	3,504,000
Unspent conditional grants and receipts	17	1,337,635	1,740,904
		1,602,170,413	1,389,835,388
Non-Current Liabilities			
Finance lease obligation	13	-	1,179,875
Employee benefit obligation	16	68,197,000	68,723,000
Provision	18	81,932,532	73,430,066
		160,129,532	143,332,941
Total Liabilities		1,762,299,945	1,533,168,329
Net Assets		1,310,124,817	1,260,793,733
Accumulated surplus		1,310,124,817	1,260,793,733
Total Net Assets		1,310,124,817	1,260,793,733

Audited
By
2022-12-13

Auditor General South Africa
Mpumalanga Business Unit

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* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	389,925,396	375,616,655
Rental of facilities and equipment	20	2,721,920	2,501,084
Agency services		8,000,655	9,276,278
Other income	21	13,956,891	12,183,998
Interest earned	22	30,806,311	42,394,724
Total revenue from exchange transactions		445,411,173	441,972,739
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	183,825,668	127,003,868
Transfer revenue			
Government grants & subsidies	24	511,096,117	386,175,885
Fines	25	4,770,692	5,970,890
Donations received	26	-	11,480,722
Total revenue from non-exchange transactions		699,692,477	530,631,365
Total revenue		1,145,103,650	972,604,104
Expenditure			
Employee related costs	27	(254,072,062)	(249,247,402)
Remuneration of councillors	28	(15,489,401)	(16,058,210)
Repairs and Maintenance	29	(29,442,494)	(26,475,010)
Depreciation and amortisation	30	(137,641,766)	(126,751,398)
Impairment loss	31	(4,090,039)	(11,140,490)
Finance costs	32	(87,000,055)	(103,395,453)
Debt Impairment	33	(121,120,243)	(49,874,512)
Bulk purchases	34	(391,565,584)	(335,609,104)
Contracted services	35	(45,202,243)	(53,062,515)
Losses on disposal of assets	36	(17,650,037)	(8,336,492)
General Expenses	37	(48,726,711)	(51,103,164)
Total expenditure		(1,152,000,665)	(1,031,053,750)
Operating deficit		(6,897,005)	(58,449,646)
Fair value adjustments	38	66,567,036	-
Actuarial gain	16	5,856,510	(4,104,602)
Inventories (losses)/gains		(16,195,456)	(128,709)
Surplus (deficit) for the year		2022 -12- 56,228,090	(4,233,311)
		49,331,085	(62,682,957)

Auditor General South Africa
Mpumalanga Business Unit

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* See Note 55

Msukaligwa Local Municipality

(Registration number MF302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated Opening Balance	1,247,795,672	1,247,795,672
Adjustments		
Prior year adjustments	75,681,018	75,681,018
Balance at 01 July 2020 as restated*	1,323,476,690	1,323,476,690
Changes in net assets	(62,682,957)	(62,682,957)
Surplus/(Deficit) for the year	(62,682,957)	(62,682,957)
Total changes		
Opening balance as previously reported	1,183,380,901	1,183,380,901
Adjustments		
Prior year adjustments	77,412,831	77,412,831
Restated* Balance at 01 July 2021 as restated*	1,260,793,732	1,260,793,732
Changes in net assets	49,331,085	49,331,085
Surplus / (Deficit) for the year	49,331,085	49,331,085
Total changes		
Balance at 30 June 2022	1,310,124,817	1,310,124,817

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Auditor General South Africa
Mpumalanga Business Unit

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* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Property rates and Traffic fines		132,423,893	117,895,331
Services		322,561,210	332,748,030
Grants		510,692,848	371,092,450
Interest income		1,097,687	948,898
		<u>966,775,638</u>	<u>822,684,709</u>
Payments			
Employee costs		(263,188,268)	(265,612,536)
Suppliers		(387,164,110)	(401,598,585)
		<u>(650,352,378)</u>	<u>(667,211,121)</u>
Net cash flows from operating activities	39	<u>316,423,260</u>	<u>155,473,588</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(314,401,366)	(170,457,852)
Proceeds from sale of investment property	3	1,143,826	2,391,626
Purchase of other intangible assets	5	-	(108,045)
Net cash flows from Investing activities		<u>(313,257,540)</u>	<u>(168,174,271)</u>
Cash flows from financing activities			
Finance lease payments		(1,337,562)	(1,462,908)
Net Increase/(decrease) in cash and cash equivalents		<u>1,828,158</u>	<u>(14,163,591)</u>
Cash and cash equivalents at the beginning of the year		7,833,380	21,996,971
Cash and cash equivalents at the end of the year	12	<u>9,661,538</u>	<u>7,833,380</u>

2022-12-13
Auditor General South Africa
Mpumalanga Business Unit

LP

* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	441,196,899	(45,641,477)	395,555,422	389,925,396	(5,630,026)	
Rental of facilities and equipment	2,687,998	(31,278)	2,656,720	2,721,920	65,200	
Agency services	9,000,000	(400,000)	8,600,000	8,000,655	(599,345)	
Other income	5,141,864	2,506,678	7,648,542	13,956,891	6,308,349	52 1.01
Interest received	42,284,605	(14,404,331)	27,880,274	30,806,311	2,926,037	52 1.02
Gains on disposal of assets	-	953,000	953,000	-	(953,000)	52 1.03
Total revenue from exchange transactions	500,311,366	(57,017,408)	443,293,958	445,411,173	2,117,215	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	191,336,759	(8,213,309)	183,123,450	183,825,668	702,218	
Licences and Permits	1,553,000	1,007,000	2,560,000	-	(2,560,000)	52 1.04
Transfer revenue						
Government grants & subsidies	406,795,571	430,000	407,225,571	511,096,117	103,870,546	52 1.05
Fines, Penalties and Forfeits	5,239,000	(2,000)	5,237,000	4,770,801	(466,199)	
Total revenue from non-exchange transactions	604,924,330	(6,778,309)	598,146,021	699,692,586	101,546,565	
Total revenue	1,105,235,696	(63,795,717)	1,041,439,979	1,145,103,759	103,663,780	
Expenditure						
Employee related costs	(271,208,849)	(11,681,903)	(282,890,752)	(254,072,082)	28,818,670	52 1.06
Remuneration of councillors	(17,648,000)	-	(17,648,000)	(15,489,401)	2,158,599	52 1.07
Depreciation and amortisation	(139,145,623)	(1,469,918)	(140,615,541)	(137,641,766)	2,973,775	
Expenses from service concession arrangements	-	-	-	(4,090,039)	(4,090,039)	
Finance costs	-	(29,000,000)	(29,000,000)	(87,000,055)	(58,000,055)	52 1.09
Debt Impairment	(152,853,000)	72,651,000	(80,202,000)	(121,120,243)	(40,918,243)	52 1.10
Bulk purchases	(340,293,572)	131,504,572	(208,789,000)	(391,565,584)	(182,776,584)	52 1.11
Contracted Services	(79,214,706)	12,629,706	(66,585,000)	(45,202,243)	21,382,757	52 1.12
Cost of housing sold	-	-	-	(17,650,037)	(17,650,037)	
General Expenses	(143,146,416)	(30,005,584)	(173,152,000)	(78,169,205)	94,982,795	52 1.13
Total expenditure	(1,143,510,166)	144,627,873	(998,882,293)	(1,152,000,655)	(153,118,362)	
Operating deficit	(38,274,470)	80,832,156	42,557,686	(6,896,896)	(49,454,582)	
Fair value adjustments	-	-	-	66,567,036	66,567,036	52 1.15
Actuarial gains/losses	-	-	-	5,856,510	5,856,510	52 1.16
Inventories losses	-	-	-	(16,456,456)	(16,456,456)	52 1.17
Surplus / (Deficit)	(38,274,470)	80,832,156	42,557,686	49,331,194	6,773,508	

Auditor: Mphahlele S. Mphahlele

LP

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						

Statement of Financial Position

Assets

Current Assets

Inventories	17,217,000	8,846,205	26,063,205	13,003,712	(13,059,493)	52 1.18
Receivables from non-exchange transactions	174,158,000	67,080,495	241,238,495	59,810,828	(181,427,667)	52 1.19
Consumer debtors	303,933,000	(171,081,666)	132,851,334	146,660,286	13,808,952	52 1.19
VAT receivable	-	-	-	115,462,266	115,462,266	52 1.20
Call investment deposits	68,735,000	(66,858,073)	2,876,927	5,593,397	2,716,470	52 1.21
Cash and cash equivalents	(46,102,522)	47,216,959	1,114,437	4,068,140	2,953,703	52 1.21
	517,940,478	(113,796,080)	404,144,398	344,598,629	(59,545,769)	

Non-Current Assets

Investment property	117,019,000	(2,697,451)	114,321,549	180,113,008	65,791,459	52 1.22
Property, plant and equipment	2,591,540,000	8,818,178	2,600,358,178	2,537,476,313	(62,881,865)	
Loss on disposal of assets	192,000	-	192,000	236,811	44,811	
	2,708,751,000	6,120,727	2,714,871,727	2,717,826,132	2,954,405	
	3,226,691,478	(107,675,353)	3,119,016,125	3,062,424,761	(56,591,364)	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	1,179,875	1,179,875	52 1.23
Payables from exchange transactions	977,995,000	616,076,822	1,594,071,822	1,574,804,069	(19,267,753)	52 1.24
Consumer deposits	17,434,000	(13,923,000)	3,511,000	19,243,836	15,732,836	52 1.25
Unspent conditional grants and receipts	-	-	-	1,337,635	1,337,635	52 1.26
Provisions	20,176,000	929,377	21,105,377	5,605,000	(15,500,377)	52 1.27
	1,015,605,000	603,083,199	1,618,688,199	1,602,170,415	(16,517,784)	

Non-Current Liabilities

Finance lease obligation	1,279,000	1,238,088	2,517,088	-	(2,517,088)	52 1.23
Provision	59,519,000	17,415,445	76,934,445	150,129,532	73,195,087	52 1.27
	60,798,000	18,653,533	79,451,533	150,129,532	70,677,999	
	1,076,403,000	621,736,732	1,698,139,732	1,752,299,947	54,160,215	
	2,150,288,478	(729,412,085)	1,420,876,393	1,310,124,814	(110,751,579)	

Net Assets

Net Assets
Reserves
Accumulated surplus

2,150,288,478 (729,412,085) 1,420,876,393 1,310,124,814 (110,751,579)

2022-12-13
Auditor General
M. Pillay
Business Unit
Africa
LP

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	146,438,741	(14,408,941)	132,029,800	132,423,893	394,093	52 1.28
Services	408,773,106	9,357,058	418,130,164	322,561,210	(95,568,954)	52 1.28
Grants	406,145,999	(2,202,023)	403,943,976	510,692,848	106,748,872	52 1.28
Interest income	300,000	-	300,000	1,097,687	797,687	52 1.28
Other receipts	124,940,154	(107,253,724)	17,686,430	-	(17,686,430)	52 1.28
	1,086,598,000	(114,507,630)	972,090,370	966,775,638	(5,314,732)	
Payments						
Suppliers and Employee costs	(839,813,276)	133,952,023	(705,861,253)	(652,655,562)	53,205,671	52 1.28
Finance costs	-	(29,900,000)	(29,900,000)	-	29,900,000	52 1.28
	(839,813,276)	104,052,023	(735,761,253)	(652,655,562)	83,105,671	
Net cash flows from operating activities	246,784,724	(10,455,607)	236,329,117	314,120,066	77,790,939	
Cash flows from investing activities						
Purchase of property, plant and equipment	(243,924,223)	1,256,224	(242,667,999)	(311,775,856)	(69,107,857)	52 1.29
Proceeds from sale of property, plant and equipment	-	952,565	952,565	775,390	(177,175)	52 1.29
Purchase of other intangible assets	-	-	-	46,129	46,129	52 1.29
Net cash flows from investing activities	(243,924,223)	2,208,789	(241,715,434)	(310,954,337)	(69,238,903)	
Cash flows from financing activities						
Increase (decrease) in consumer deposits	(3,511,337)	3,511,337	-	-	-	-
Finance lease payments	-	-	-	(1,337,562)	(1,337,562)	-
Increase (decrease) in consumer deposits	500,000	-	500,000	500,000	(500,000)	-
Net cash flows from financing activities	(3,511,337)	3,511,337	-	(1,337,562)	(1,337,562)	
Net increase/(decrease) in cash and cash equivalents	(650,836)	(4,735,481)	(5,386,317)	204,828,157	7,214,474	
Cash and cash equivalents at the beginning of the year	70,000,977	(62,139,556)	7,861,421	67,833,865	(28,041)	
Cash and cash equivalents at the end of the year	69,350,141	(66,875,037)	2,475,104	9,661,537	7,186,433	

For reasons, please refer to note 52. Explanations are generally not given for variances under 10%, or where the value of the balance is under R1 million. The variance on accumulated surplus is the result of all other variances, therefore this is not discussed.

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Msukaliywa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand	Note(s)	2022	2021
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1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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

Trade receivables and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

The 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 fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

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 [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and 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. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e., production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 18 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

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.

Other

All assets and liabilities have been grossed up (i.e. not offset against each other), except where offsetting is required or permitted by a Standard of GRAP or where offsetting reflects the substance of the transaction or event.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

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

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

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

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

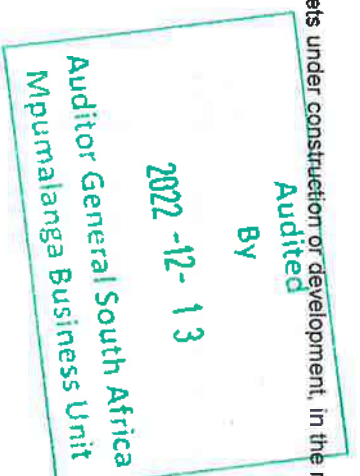
Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

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

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



Msukaligwa Local Municipality

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Accounting Policies

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	25 - 50 Years
Land - Landfill	Straight-line	Per expert report
Plant and machinery	Straight-line	4 - 15 Years
Furniture and fixtures	Straight-line	4 - 15 Years
Motor vehicles	Straight-line	5 - 15 Years
IT equipment	Straight-line	2 - 5 Years
Infrastructure - Mechanical equipment	Straight-line	10 - 20 Years
Civil structures	Straight-line	15 - 50 Years
Electricity - Distribution cables	Straight-line	40 - 50 Years
Electricity - Equipment	Straight-line	15 - 45 Years
Electricity - Public lighting	Straight-line	30 - 40 years
External facilities	Straight-line	7 - 30 Years
Roads - Bridges	Straight-line	30 - 80 Years
Roads - Furniture	Straight-line	8 - 80 Years
Roads - S structure	Straight-line	10 - 50 Years
Roads - Traffic Management	Straight-line	10 - 15 Years
Sewerage - Pipe line	Straight-line	40 - 50 Years
Sewerage - Pump station	Straight-line	10 - 55 Years
Sports and playground	Straight-line	10 - 40 Years
Stormwater - Drainage construction	Straight-line	50 - 70 Years
Stormwater - Drainage unlined	Straight-line	10 - 15 Years
Water - Dams and reservoirs	Straight-line	50 - 80 Years
Water - Other	Straight-line	15 - 20 Years
Water - Pipes and grid	Straight-line	50 - 90 Years
Water - Pumps and tanks	Straight-line	15 - 20 Years
Intangible assets - Compiler software	Straight-line	3 - 5 Years
Library books	Straight-line	5-10 Years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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. **Audited By**

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. **Auditor General Business Unit**

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. **LP**

Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability after the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited 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
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset
- (b) 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; and
- (c) 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 end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 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 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.

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By
2022-12-13
Auditor General / Mpumalanga Service Potential Assessment Unit

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Accounting Policies

1.7 Intangible assets (continued)

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.8 Heritage assets

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

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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Accounting Policies

1.8 Heritage assets (continued)

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

1.9 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying").
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or

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Accounting Policies

1.9 Financial instruments (continued)

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets of non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are derivatives;

- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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1.9 Financial instruments (continued)

- Financial instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Trade receivables from exchange transactions	Financial asset measured at amortised cost
Trade receivables from non exchange transactions	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Vat Payable	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost
Employee benefit provisions	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

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1.9 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity 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.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

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.



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1.9 Financial instruments (continued)

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 transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- 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 recognises 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 continues 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.

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1.9 Financial instruments (continued)

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.

Dividends or similar distributions 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.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax (where applicable) relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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.

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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1.10 Statutory receivables (continued)

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.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

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1.10 Statutory receivables (continued)

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

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.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on 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. *Added*

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. *BY 13*

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. *2022*

Income for leases is disclosed under revenue in statement of financial performance. *Auditor General South Africa*

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. *Malanga Business Unit*

1.12 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.

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1.12 Inventories (continued)

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.

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 formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality;
- the number of production or similar units expected to be obtained from the asset by the municipality.

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1.13 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

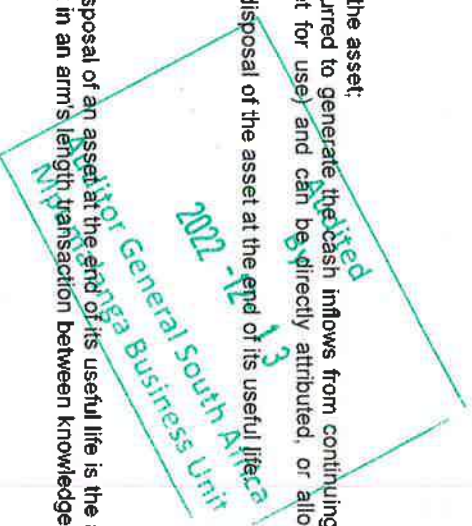
Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.



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1.13 Impairment of cash-generating assets (continued)

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.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit for the estimation of the recoverable amount of the cash-generating unit.

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1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

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

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).
Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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1.14 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- 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:

[Specify judgements made]

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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1.14 Impairment of non-cash-generating assets (continued)

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 loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used, only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
 - the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.
- Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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Accounting Policies

1.15 Employee benefits (continued)

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The municipality provides post-retirement medical aid benefits on retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense or income unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

The expense or income shall include the following:

- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Where contributions to a defined contribution plan do not fall due wholly within twelve months ^{After the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.} ~~2022~~ ²⁰²³ ~~12~~ ¹²

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1.15 Employee benefits (continued)

Defined benefit plans

Defined benefit plans are benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit-years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

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1.15 Employee benefits (continued)

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

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Accounting Policies

1.16 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact or the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

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.

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Accounting Policies

1.16 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.17 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, contracts should relate to something other than the business of the municipality.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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1.18 Revenue from exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

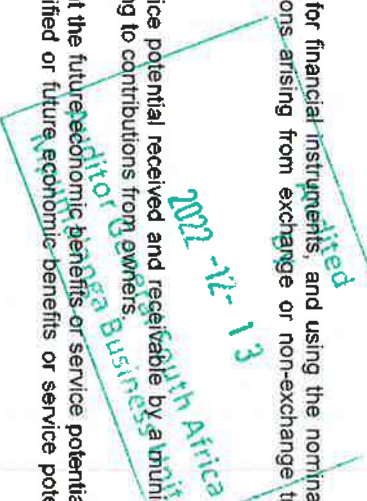
Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.19 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 arises 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.



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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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.

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Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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

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

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.

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.

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.

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Accounting Policies

1.20 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.21 Investment income

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

1.22 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.

1.23 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

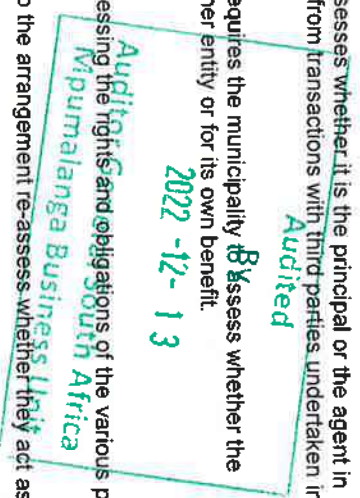
When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

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

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.



Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.23 Accounting by principals and agents (continued)

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 it 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.

1.24 Comparative figures

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

1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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 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).

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Accounting Policies

1.28 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. Refer to note 57.

1.29 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 cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2021 to 30/06/2022.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.30 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to be influenced or influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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Accounting Policies

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 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an municipality of the biological transformation and harvest of biological assets for:

- (a) sale;
 - (b) distribution at no charge or for a nominal charge; or
 - (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.
- A bearer plant is a living plant that:
- (a) is used in the production or supply of agricultural produce;
 - (b) is expected to bear produce for more than one period; and
 - (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that an municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Msukaliqwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.32 Living and non-living resources (continued)

Useful life is the period over which an asset is expected to be available for use by an municipality, or the number of production or similar units expected to be obtained from the asset by an municipality.

1.33 Value added tax

The municipality is registered with the SARS for VAT on the payment basis, in accordance with the Section 15(2)(a) of the Value Added Tax Act no 89 of 1991.

1.34 Operating expenses

The definition of expenses encompasses expenses that arise from the ordinary activities of the entity.

Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for.

The point at which an expense is recognised is dependent on the nature of the transaction ~~and~~ ^{therefore} that gives rise to the expense.

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Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

No new standards or interpretations were adopted in the current year. Directive 14 Application of Standards of GRAP by Public Entities became effective, but is not applicable to the municipality.

2.2 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• IGRAP 21 The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• IGRAP 7 (Revised) Limit on a Defined Benefit Asset Min Fund Requirement and Interact	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (Revised) Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (Revised) Financial Instruments	01 April 2025	Unlikely there will be a material impact, however this is still being assessed

The ASB indicates that the Guideline on The Application of Materiality to Financial Statements is not authoritative, but application is recommended; this is being reviewed to determine the impact on the financial statements and if these would be desirable.

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Msukaligwa Local Municipality

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3. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	180,113,008	-	180,113,008	114,321,362	-	114,321,362

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	114,321,362	(775,390)	66,567,036	180,113,008

Reconciliation of investment property - 2021

	Opening balance	Disposals	Total
Investment property	116,712,988	(2,391,626)	114,321,362

Investment Property

The Municipality is recognising Investment Property using the Fair Value model (reflecting market conditions at the reporting date).

During the financial year the Municipality adjusted the fair values of its investment properties using the values as stated in the new 2021/2022 Municipal Valuation Roll, as determined by an independent professional valuer.

The outcome of the fair value adjustment is indicated below:

2022

2021

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3. Investment property (continued)

Fair Value Adjustment: Gains

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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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Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

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4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	135,285,137	-	135,285,137	135,454,642	-	135,454,642
Plant and machinery	5,810,303	(3,024,334)	2,785,969	5,346,233	(2,449,938)	2,896,295
Furniture, fixtures and Office equipment	12,548,092	(9,456,983)	3,091,109	13,330,034	(9,260,874)	4,069,160
Motor vehicles	55,972,536	(14,189,794)	41,782,742	54,073,212	(11,691,034)	42,382,178
IT equipment	7,321,288	(4,393,417)	2,927,871	7,337,256	(4,213,249)	3,124,007
Community	502,175,410	(301,607,887)	200,567,523	524,938,918	(302,460,040)	222,478,878
Library books	10,295,562	(3,711,428)	6,584,134	10,165,237	(2,692,742)	7,472,495
Electrical	705,929,184	(389,089,549)	316,839,635	692,155,219	(378,155,998)	313,999,221
Roads	1,571,753,674	(1,017,359,530)	554,394,144	1,554,734,173	(967,836,281)	586,897,892
Lease assets	4,006,550	(2,894,229)	1,112,321	4,006,550	(1,558,713)	2,447,837
Sanitation	822,873,420	(345,048,301)	477,825,119	785,540,073	(327,411,944)	458,128,129
Water supply	1,370,421,511	(581,963,929)	788,457,582	1,165,068,997	(570,061,590)	595,007,407
Solid waste	28,141,918	(22,318,891)	5,823,027	26,357,511	(19,723,392)	6,634,119
Total	5,232,534,585	(2,695,058,272)	2,537,476,313	4,978,508,055	(2,597,515,795)	2,380,992,260

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	WIP	Disposals	Depreciation	Impairment loss	Total
Land	135,454,642	-	-	(169,505)	-	-	135,285,137
Plant and machinery	2,896,295	908,867	-	(201,482)	(809,594)	(8,117)	2,785,969
Furniture, fixtures and Office equipment	4,069,159	139,710	-	(371,840)	(734,066)	(11,854)	3,091,109
Motor vehicles	42,382,178	3,444,516	-	(376,772)	(3,656,239)	(10,941)	41,782,742
IT equipment	3,124,007	759,479	-	(175,247)	(774,758)	(5,610)	2,927,871
Community	222,478,878	30,000	-	(8,636,585)	(13,182,200)	(122,570)	200,567,523
Library books	7,472,495	130,324	-	-	(1,018,685)	-	6,584,134
Electrical	313,999,221	5,656,540	15,965,999	(460,277)	(17,794,104)	(527,744)	316,839,635
Roads	586,897,892	7,667,862	11,839,472	(280,253)	(49,921,391)	(1,809,438)	554,394,144
Leased assets	2,447,837	-	-	-	(1,335,517)	-	1,112,320
Sanitation	458,128,129	36,952,749	4,007,437	(1,685,579)	(19,238,795)	(338,821)	477,825,120
Water supply	595,007,407	38,605,031	188,293,381	(5,660,698)	(26,534,307)	(1,253,232)	788,457,582
Solid waste	6,634,119	1,786,836	-	(235)	(2,595,981)	(1,712)	5,823,027
	2,380,992,259	96,081,914	220,106,289	(18,018,473)	(137,595,637)	(4,090,039)	2,537,476,313

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	WIP	Disposals	Depreciation	Impairment loss	Total
Land	135,454,642	-	-	-	-	-	135,454,642
Plant and machinery	2,422,958	1,029,261	-	(15,179)	(540,745)	-	2,896,295
Furniture and fixtures & Office equipment	3,946,616	1,230,212	-	(27,337)	(1,064,100)	(16,232)	4,069,159
Motor vehicles	24,495,847	20,615,598	-	(1,023,026)	(1,324,828)	(381,413)	42,382,178
IT equipment	1,739,071	2,171,438	-	(11,464)	(757,582)	(17,456)	3,124,007
Community	225,311,009	18,323,099	(6,523,856)	(94,064)	(12,991,822)	(1,545,488)	222,478,878
Library books	8,444,452	40,608	-	-	(1,012,565)	-	7,472,495
Electrical	334,293,543	1,040,041	136,819	(444,088)	(17,924,165)	(3,102,929)	313,999,221
Roads	623,238,342	38,085,213	(23,367,057)	(269,058)	(47,880,126)	(2,909,422)	586,897,892
Leased assets	3,783,352	-	-	-	(1,335,515)	-	2,447,837
Sanitation	448,591,123	82,009,803	(54,138,373)	(2,683,633)	(14,806,349)	(844,442)	458,128,129
Water supply	525,726,983	6,635,871	94,091,253	(3,215,436)	(25,901,885)	(2,329,379)	595,007,407
Solid waste	7,788,591	-	-	-	(1,142,140)	(12,332)	6,634,119
	2,345,236,529	171,181,144	10,198,786	(7,783,285)	(126,681,822)	(11,159,093)	2,380,992,259

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Opening	Additions	Completion	Total
Community	1,961,265	43,000	(43,000)	1,961,265
Electrical	136,819	21,622,538	(5,656,540)	16,102,817
Roads	5,104,422	19,507,334	(7,667,862)	16,943,894
Sanitation	32,817,561	41,343,906	(37,336,469)	36,824,998
Water supply	95,774,176	226,514,691	(38,221,311)	284,067,556
	135,794,243	309,031,469	(88,925,182)	355,900,530

Reconciliation of Work-in-Progress 2021

	Opening	Additions	Completion	Total
Community	8,485,121	11,799,243	(18,323,099)	1,961,265
Electrical	-	1,176,860	(1,040,041)	136,819
Roads	28,471,478	14,718,157	(38,085,213)	5,104,422
Sanitation	86,955,934	27,871,430	(82,009,803)	32,817,561
Water supply	1,682,921	100,727,126	(6,635,871)	95,774,176
	125,595,454	156,292,816	(146,094,027)	135,794,243

Projects taking significantly longer to complete

INTERNAL SEWER NETWORK IN BREYTEN EXTS

The above project has been included in the Work in Progress register of the municipality since 2019. The appointed contractor has been dismissed and any retention held has not been paid over to them. The Department of Water and Sanitation has indicated that they will take over the completion of the project.

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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4. Property, plant and equipment (continued)

Disposals

Loss on Disposal: Total R 18 018 473

During the financial year the municipality incurred disposals/write-offs on its Property, Plant and Equipment due to various factors.

These included, amongst others, infrastructure that were upgraded (for example, roads that have been replaced by new brick paved roads, including upgrades to its storm water drainage systems) or Infrastructure that were downgraded and written off due to theft, vandalism, fire damage, lightning damage, normal breakage or building demolition.

The majority of these involuntarily write-offs were due to acts of vandalism and thefts.

Included in this amount is the donation of the Ermelo Aerodrome and associated assets to Gert Sibande District Municipality (R 8 607 517).

Infrastructure Assets:

- Land: R 169 505
Donation of land associated with the Ermelo Aerodrome.
- Community: R 8 636 586
Donation of all municipal owned building associated with the Ermelo Aerodrome.
- Electrical: R 460 277
Various pole mounted transformers were replaced due to lightning damage. Fire damage was also incurred at the Ermelo Sub-station.
- Roads and Storm Water drainage: R 280 252
Various dilapidated road structures and drainage collection points were written off due to being upgraded and rebuilt.
- Sanitation: R 1 685 579
The sewerage treatment works in Davel and Breyten were upgraded, and various submersible pumps, electrical motors, pipes, and valves were written off and replaced.
- Water Supply: R 5 660 698
Various boreholes and handpumps were written off due to disrepair. Various water pumps and other mechanical equipment were written off and replaced at the Kwazanele and Davel water treatment works.

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Movable Assets:

- Computer Equipment: R175 247
- Motor Vehicles: R376 772

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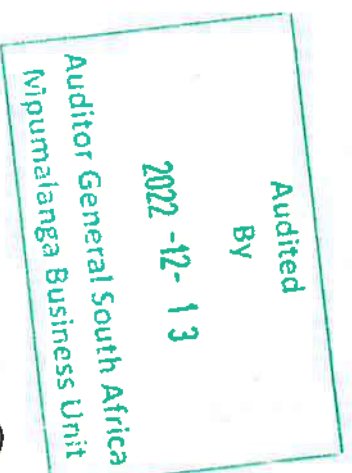
2022

2021

4. Property, plant and equipment (continued)

- Plant and Machinery: R 201 482
- Furniture, Fixtures and Fittings: R 371 840

Detailed descriptions, component types and Rand values assigned to each of the above written off assets can be found in the Fixed Asset Register of the municipality.



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5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	139,149	(77,233)	61,916	139,149	(31,104)	108,045

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	108,045	(46,129)	61,916

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	139,149	(31,104)	108,045

Other information

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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6. Heritage assets

Heritage assets which fair values cannot be reliably measured: (Para .94)
Art Collections, antiquities and exhibits

Reconciliation of heritage assets 2022

Heritage assets which fair values cannot be reliably measured: (Para .94)
Art Collections, antiquities and exhibits

Reconciliation of heritage assets 2021

Heritage assets which fair values cannot be reliably measured: (Para .94)
Art Collections, antiquities and exhibits

2022			2021		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
174,895	-	174,895	192,195	-	192,195

Opening balance	Disposals	Total
192,195	(17,300)	174,895

Opening balance	Total
192,195	192,195

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Msukaliqwa Local Municipality

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6. Heritage assets (continued)

Heritage assets which fair values cannot be reliably measured

During the financial year, the municipality's Mayoral Chain of Office could not be verified. An audit was performed on all heritage assets and an additional heritage asset, a gold coin, could not be found. These heritage assets were derecognised in terms of the Asset Management policy of the municipality.

Chain of Office (Mayor Ermelo Gold Plated) – R 16 350 (loss)

Coin (Gold 1880 – 1873 Bethal) – R950 (loss)

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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	2022	2021
7. Inventories		
Consumables	12,930,043	26,063,539
Water	73,669	-
	<u>13,003,712</u>	<u>26,063,539</u>
Carrying value of inventories carried at fair value less costs to sell	-	18,026,557

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8. Receivables from exchange transactions

Consumer debtors - Electricity	47,020,905	38,368,558
Consumer debtors - Water	45,022,024	39,534,070
Consumer debtors - Sewerage	21,213,617	17,889,205
Consumer debtors - Refuse	19,696,933	17,035,034
Consumer debtors - Services	9,853,550	9,269,893
Consumer debtors - Rentals	1,924,366	1,185,959
Consumer debtors - Land sales	6,498	11,769
Fleet card - balance receivable	1,921,436	96,003
Prepaid electricity	957	1,960,054
Refunds and prepayments		(581)
	146,660,286	125,349,964

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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By
2022 12-13

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Msukaliywa Local Municipality

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	2022	2021
9. Receivables from non-exchange transactions		
Fines	1,055,677	1,676,277
Consumer debtors - Rates	58,755,151	40,053,239
	<u>59,810,828</u>	<u>41,729,516</u>

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10. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates
Consumer debtors - Electricity
Consumer debtors - Water
Consumer debtors - Sewerage
Consumer debtors - Refuse
Consumer debtors - Service debtors
Consumer debtors - Rentals
Consumer debtors - Land sale

191,995,861	141,676,812
169,985,069	144,187,775
235,799,531	202,171,268
149,822,004	124,353,481
146,964,944	123,690,828
49,662,988	45,914,832
7,223,755	6,217,976
42,655	42,523
951,496,807	788,255,495

Less: Allowance for impairment

Consumer debtors - Rates
Consumer debtors - Electricity
Consumer debtors - Water
Consumer debtors - Sewerage
Consumer debtors - Refuse
Consumer debtors - Service debtors
Consumer debtors - Rentals
Consumer debtors - Land sale

(133,240,710)	(101,623,573)
(122,964,164)	(105,819,217)
(190,777,507)	(162,637,198)
(128,608,387)	(106,464,276)
(127,268,011)	(106,655,794)
(39,809,438)	(36,644,939)
(5,299,389)	(5,032,017)
(36,157)	(30,754)
(748,003,763)	(624,907,768)

Net balance

Consumer debtors - Rates
Consumer debtors - Electricity
Consumer debtors - Water
Consumer debtors - Sewerage
Consumer debtors - Refuse
Consumer debtors - Service debtors
Consumer debtors - Rentals
Consumer debtors - Land sale

58,755,151	40,053,239
47,020,905	38,368,558
45,022,024	39,534,070
21,213,617	17,889,205
19,696,933	17,035,034
9,853,550	9,269,893
1,924,366	1,185,959
6,498	11,769
203,493,044	163,347,727

Rates

Current (0 -30 days)
31 - 180 days
181 - 360 days
Over 1 year
Over 2 years

11,945,717	11,969,786
17,647,178	7,907,618
8,956,659	5,196,875
8,275,153	5,553,333
11,930,444	9,425,627
58,755,151	40,053,239

Electricity

Current (0 -30 days)
31 - 180 days
181 - 360 days
Over 1 year
Over 2 years

14,728,224	16,666,214
Audit 472,194	5,869,121
4,603,470	3,628,550
B4,786,594	4,090,718
11,430,423	8,113,955
2022 -47,020,905	38,368,558

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10. Consumer debtors disclosure (continued)

Water

Current (0 -30 days)	4,500,339	6,599,847
31 - 180 days	8,510,516	6,514,332
181 - 360 days	5,084,834	5,476,821
Over 1 year	7,165,805	7,094,239
Over 2 years	19,760,530	13,848,831
	45,022,024	39,534,070

Sewerage

Current (0 -30 days)	2,802,223	3,956,266
31 - 180 days	4,824,797	3,808,549
181 - 360 days	3,264,932	2,938,598
Over 1 year	4,080,063	2,650,018
Over 2 years	6,241,602	4,535,774
	21,213,617	17,889,205

Refuse

Current (0 -30 days)	2,282,420	3,616,826
31 - 180 days	3,933,075	3,459,032
181 - 360 days	2,929,079	2,906,248
Over 1 year	4,006,446	2,638,615
Over 2 years	6,545,913	4,414,313
	19,696,933	17,035,034

Service debtors

Current (0 -30 days)	359,565	829,963
31 - 180 days	623,752	386,815
181 - 360 days	1,137,000	727,702
Over 1 year	779,898	1,538,413
Over 2 years	6,953,335	5,787,000
	9,853,550	9,269,893

Rentals

Current (0 -30 days)	106,211	180,159
31 - 180 days	328,265	326,984
181 - 360 days	292,242	226,855
Over 1 year	300,699	225,040
Over 2 years	896,949	226,921
	1,924,366	1,185,959

Land sales

Current (0 -30 days)		159
31 - 180 days		398
181 - 360 days		474
Over 1 year	348	1,113
Over 2 years	5,933	9,625
	6,498	11,769

11. VAT receivable

VAT	115,462,266	97,371,801
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Muskaligwa Local Municipality

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12. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash
Bank balances
Short-term deposits

8,686	13,220
1,090,554	3,247,614
8,562,298	4,572,546
9,661,538	7,833,380

The municipality had the following bank accounts

Account	Bank statement balances		Ledger balances	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
FNB Primary Account - Current Account - 62822833267	1,069,028	1,695,619	1,265,977	1,265,977
FNB - Call Account - 62837049031	5,593,397	2,876,927	20,721,912	5,593,397
FNB Licensing Account - Current Account - 62858041272	2,471,759	1,452,036	-	2,968,901
Total	9,134,184	6,024,582	21,987,889	9,665,141
			7,837,449	4,142,904

13. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

1,219,090	1,462,908
-	1,219,090
1,219,090	2,681,998
(39,214)	(164,560)
1,179,876	2,517,438

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due
- within one year
- in second to fifth year inclusive

1,179,875	1,337,563
-	1,179,875
1,179,875	2,517,438

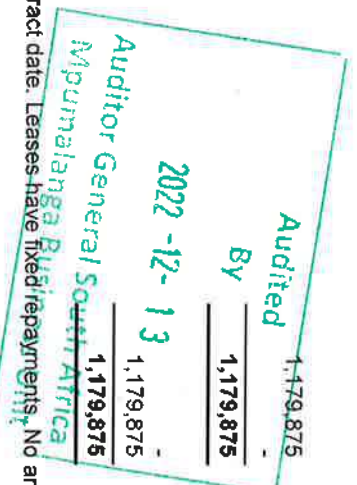
Non-current liabilities
Current liabilities

1,179,875	1,179,875
1,337,562	2,517,437

The lease term was 3 years. Interest rates are fixed at the contract date. Leases have fixed repayments. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.



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14. Payables from exchange transactions

13th cheque accrual	4,937,910	4,727,492
Creditors return of payments	349,728	349,728
Employee related payable and accruals	13,265,429	6,306,023
Leave pay accrual	19,834,373	21,105,485
Licensing and registration	677,043	3,755,914
Receivables paid in advance	34,181,882	30,475,004
Retentions and guarantees held	15,651,064	14,646,145
Trade payables	1,474,695,917	1,275,734,028
Unallocated receipts	11,210,721	7,586,862
	1,574,804,067	1,364,686,687

15. Consumer deposits

Consumer deposits	19,133,784	18,454,746
Sundry deposits	110,052	111,489
	19,243,836	18,566,235

16. Employee benefit obligations

The municipality provides a post-employment medical aid plan to some employees - this is a defined benefit plan; as well as a defined benefit plan in the form of a long-service award.

Changes in the present value of the employee benefit obligations are as follows:

Opening balance	72,227,000	62,613,000
Contributions paid	(3,302,490)	(3,629,602)
Net expense recognised in the statement of financial performance	4,877,490	13,243,602
	73,802,000	72,227,000

Net expense recognised in the statement of financial performance

Current service cost	3,777,000	3,174,000
Interest cost	6,957,000	5,965,000
Actuarial (gains)/losses	(5,856,510)	4,104,602
	4,877,490	13,243,602

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16. Employee benefit obligations (continued)

Current liabilities

Post-employment medical aid
Long service award

2,389,000	2,388,000
3,216,000	1,116,000
5,605,000	3,504,000

Non-current liabilities

Post-employment medical aid
Long service award

57,555,000	56,742,000
10,642,000	11,981,000
68,197,000	68,723,000

Combined

Post-employment medical aid
Long service award

59,944,000	59,130,000
13,858,000	13,097,000
73,802,000	72,227,000

Post-retirement medical aid plan

In estimating the unfunded liability for post-employment health care benefits a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors).

The following assumptions were used:

Key assumptions

Discount rate
Health care cost inflation rate
Net-of-health-care-cost-inflation discount rate
Maximum subsidy inflation rate
Net-of-maximum-subsidy-inflation discount rate

11.82%	10.04%
8.43%	6.80%
3.13%	3.03%
5.95%	4.73%
5.54%	5.08%

Mortality during employment is based on the SA 85-90 tables, and mortality post-employment is based on the PA(90) -1 tables with a 1% mortality improvement p.a. from 2010.

	2022	2021	2020	By 2019	2018
History of liability	59,944,000	59,130,000	50,854,000	53,621,000	56,125,000
Long service award liability					

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By 2019
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16. Employee benefit obligations (continued)

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive
Completed Service **Long Service Bonuses** **Description**
(in years) **(% of Annual Salary)**

5	2%	5/250 x annual salary
10	4%	10 / 250 x annual salary
15	8%	20 / 250 x annual salary
20,25,30,35	12%	30 / 250 x annual salary
40	16%	40 / 250 x annual salary
45	18%	45 / 250 x annual salary

In estimating the unfunded liability for LSA of Msukaligwa Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors).

The following assumptions were used:

Key assumptions

Discount rate	10.87%	9.06%
General earnings inflation rate (long-term)	7.33%	5.76%
Net effective discount rate	3.30%	3.12%
Average retirement age	62	62

Mortality during employment is based on the SA 85-90 tables.

	2022	2021	2020	2019	2018
History of the liability	13,858,000	13,097,000	11,759,000	11,138,000	10,057,000

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Expanded public works programme
Local Government Sector Education and Training Authority grant
Sport and recreation grant - National Lottery
Regional bulk infrastructure grant

	136,213	587,691
Audited	700,000	136,213
BY	501,422	700,000
	1,337,635	317,000
		1,740,904

Movement during the year

Balance at the beginning of the year
Additions during the year
Income recognition during the year

	16,824,339
Auditor General South Africa	185,372,431
Mpumalanga	(184,034,796)
	1,337,635
	1,740,904

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 24 for reconciliation of grants from National/Provincial Government.

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17. Unspent conditional grants and receipts (continued)

These amounts are invested in a ring-fenced investment until utilised.

18. Provision

Reconciliation of provision - 2022

	Opening Balance	Change in valuation	Total
Landfill site	73,430,066	8,502,466	81,932,532

Reconciliation of provision - 2021

	Opening Balance	Change in valuation	Total
Landfill site	59,518,621	13,911,445	73,430,066

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation, in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), whereby the municipality is required to execute the environmental management program to restore the landfill sites at Ermelo, Breylen, Davel, Lothair and Chrissiesmeer to comply with the permit requirements.

The provision was determined by an independent expert as at 30 June 2022 and approximates the discounted expected future cash flows using reasonable estimation techniques. The discount rate used for the landfill sites is based on a bond rate that matures as close as possible to the future date of the rehabilitation. The final rehabilitation of the landfill sites are expected to be over a period of 19 years, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

The value of the provision is based on the expected future cost to rehabilitate the various sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The municipality estimates the useful lives and makes assumptions as to the useful lives of these, assets, which influence the provision for future costs.

Key assumptions used:

Total area expected to be rehabilitated: 179 596 square metres (2021: 179 596 square metres)
Average rate per square metre: R432 excl. VAT (2021: R392 excl. VAT)

The area to be rehabilitated can be reconciled to the different sites as follows:

Ermelo	: 109 370 square metres
Breylen	: 38 041 square metres
Davel	: 8 051 square metres
Lothair	: 20 081 square metres
Chrissiesmeer	: 4 053 square metres

Each of the landfill sites has adequate footprint and airspace available for the disposal of solid waste until at least 2024, except for Lothair.

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Lothair:

The Lothair landfill site has ceased to operate. Closure works have not yet commenced despite there being a limit of 3 years for this activity to commence. Based on historical evidence, the Lothair landfill operated as communal dump (as opposed to a sanitary landfill). Waste disposal was generally contained to a specific area and intermittently covered. It should be noted that the site has not been developed within the area specified in the waste licence. It is therefore assumed that the footprint of the waste pile is as per evidence in historical imagery and that the Municipality will amend the coordinates of the site in the closure licence.

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19. Service charges		
Sale of electricity	236,684,562	216,115,343
Sale of water	64,285,929	73,573,499
Sewerage and sanitation charges	48,773,955	46,956,651
Refuse removal	40,180,950	38,971,162
	389,925,396	375,616,655
20. Rental of facilities and equipment		
Premises		
Premises	2,315,118	1,947,695
Facilities and equipment		
Rental of equipment	406,802	553,389
	2,721,920	2,501,084
21. Other income		
Advertising	321,128	229,424
Cemetery and burial	803,200	815,878
Commission	421,882	291,245
Connection fees	4,139,151	3,164,637
Fire brigade services	1,526,068	812,708
Insurance claim	21,400	453,860
Licenses and permits	3,624,184	3,357,946
Photocopies	263,140	199,094
Planning and development	2,028,058	2,143,893
Sundry income	621,211	418,126
Tender fees	187,469	297,187
	13,956,891	12,183,998
22. Interest earned		
Interest earned		
Consumer debtors		
Investment revenue		

Audited 29,708,624
1,097,687
BY 30,806,311
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23. Property rates

Rates levied

Agricultural	19,146,475	6,785,099
Business and commercial	70,042,341	44,328,275
Public benefit organisations	164,147	-
Public service purposes	23,571,833	-
Public service infrastructure	54,351	-
Residential	63,192,944	46,713,770
State	-	29,176,724
Vacant stands	7,653,577	-
	<u>70,846,521</u>	<u>75,890,494</u>
	183,825,668	127,003,868

Valuations

Agriculture	8,960,056,000	4,291,845,000
Business and commercial	2,949,225,700	1,278,157,000
Municipal	911,614,800	201,171,000
Public benefit organisation	300,444,500	-
Public service infrastructure	50,873,200	29,464,000
Public service purposes	992,523,300	-
Residential	8,801,538,100	6,918,180,000
State	-	1,076,184,000
Vacant stands	322,264,000	-
	<u>23,288,539,600</u>	<u>13,795,001,000</u>

Valuations on land and buildings are performed every 4 to 5 years. The last general valuation came into effect on 1 July 2021. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The new valuation roll reflects the changes in classification (particularly on state owned properties) in terms of the Municipal Property Rates Amendment Act.

A general rate of 0.95 (2021: 0.9135) is applied to property valuations to determine assessment rates. Rebates of 15% (2021: 15%) are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being 30 June 2022 (30 June 2021). Interest at 0.833% per month (2021: 0.833%) and a collection fee of 0.833% (2021: 0.833%), is levied on rates outstanding two months after due date.

The current general valuation is valid until 30 June 2023.

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Msukaliwa Local Municipality

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24. Government grants and subsidies

Operating grants

Equitable share
Expanded public works programme grant
Financial management grant
Local government sector education and training authority grant

199,442,000	219,070,328
1,985,690	2,062,310
3,000,000	3,000,000
451,849	166,918
204,879,539	224,299,556

Capital grants

Integrated national electrification programme
Municipal infrastructure grant
Municipal infrastructure grant - PMU
Regional bulk infrastructure grant
Water services infrastructure grant

10,000,000	-
52,856,100	49,104,700
2,781,900	2,618,300
200,578,578	90,153,329
40,000,000	20,000,000
306,216,578	161,876,329
511,096,117	386,175,885

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received
Unconditional grants received

311,549,433	167,105,557
199,442,000	219,070,328
510,991,433	386,175,885

Equitable share

Current-year receipts
Conditions met - transferred to revenue
Roll over not approved - EPWP
Roll over not approved - FMG
Roll over not approved - INEP
Roll over not approved - Municipal Disaster Relief Grant
Roll over not approved - RBIG
Roll over not approved - WSIG

198,537,000	218,544,000
(199,442,000)	(219,070,328)
588,000	-
-	24,736
-	208,574
-	1,980
317,000	-
-	291,038
-	-

This grand funds the basic services for registered indigents as well as municipals operations.

Expanded Public Works Programme

Balance unspent at beginning of year
Current-year receipts
Conditions met - transferred to revenue
Withheld from Equitable Share

587,691	-
(1,985,691)	2,650,000
(588,000)	(2,062,309)
-	-
587,691	587,691

Conditions still to be met - remain liabilities (see note 17).

To expand work creation efforts using labour-intensive delivery methods identified focus areas, in compliance with the EPWP guidelines.

Financial Management Grant

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587,691

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24. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	24,736
Equitable share allocated	3,000,000	3,000,000
Conditions met - transferred to revenue	(3,000,000)	(3,000,000)
Withheld from Equitable Share	-	(24,736)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The grant funds the implementation of the financial reforms required by the MFMA. This includes the funding of the financial management internship program.

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24. Government grants and subsidies (continued)

Local Government Sector Education and Training Authority grant

Balance unspent at beginning of year	136,213	127,381
Current-year receipts	539,329	175,450
Conditions met - transferred to revenue	(539,329)	(166,918)
	136,213	136,213

Conditions still to be met - remain liabilities (see note 17).

This grant was received from the Local government SETA institution for the training of municipal staff in various categories of learning and skills development.

Sport and recreation grant - National Lottery

Balance unspent at beginning of year	700,000	700,000
--------------------------------------	---------	---------

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Municipal disaster relief fund grant

Balance unspent at beginning of year	-	1,380
Withheld from Equitable Share	-	(1,380)
	-	-

Conditions still to be met - remain liabilities (see note 17).

This is a disaster fund allocation that was received from National treasury per the Division of revenue act to fund the COVID 19 pandemic that started in March 2020.

Integrated National Electrification Programme

Balance unspent at beginning of year	-	208,574
Current-year receipts	10,000,000	-
Conditions met - transferred to revenue	(10,000,000)	-
Withheld from Equitable Share	-	(208,574)

Conditions still to be met - remain liabilities (see note 17).

This grant is solely for electricity and to enhance the electricity network infrastructure.

Municipal infrastructure grant

Current-year receipts	-	-
Conditions met - transferred to revenue	-	-

Conditions still to be met - remain liabilities (see note 17).

The municipal infrastructure grant is for the construction of roads, basic sewerage and water infrastructure to provide for new, rehabilitation and upgrading of municipal infrastructure.

Municipal infrastructure grant - PMU

10,000,000	208,574
(10,000,000)	-
-	(208,574)
Audited	-
BY	-
2022-12-13	-
Auditor General of South Africa	-
52,856,100	49,104,700
(52,856,100)	(49,104,700)
Mpumalanga	-

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24. Government grants and subsidies (continued)

Current-year receipts

Conditions met - transferred to revenue

2,781,900	2,618,300
(2,781,900)	(2,618,300)
-	-

Conditions still to be met - remain liabilities (see note 17).

An amount of 5% of the MIG allocation is set aside to fund the Project management planning (PMU) office. The office is responsible for the overall management of capital projects.

Regional bulk infrastructure grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Withheld from Equitable Share

317,000	15,470,329
201,080,000	75,000,000
(200,578,578)	(90,153,329)
(317,000)	-
501,422	317,000

Conditions still to be met - remain liabilities (see note 17).

To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. To implement bulk infrastructure with a potential of addressing water conservation and water demand management projects of facilitate. The fund allocated to the local municipalities but administered and spent by the Gert Sibande District Municipality.

By Audited

Water services infrastructure grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Withheld from Equitable Share

291,038
20,000,000
(20,000,000)
(291,038)
-

Conditions still to be met - remain liabilities (see note 17).

Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities. It provide basic and intermittent water and sanitation supplies that ensures provision of services of identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support drought relief projects in affected municipalities.

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	2022	2021
25. Fines		
Fire, library and other	9,334	1,724
Rezoning	174,408	202,060
Traffic	4,586,950	5,767,106
	4,770,692	5,970,890
26. Donations received		
Geit Sibande District Municipality	-	1,480,000
Private Companies	-	10,000,722
	-	11,480,722

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27. Employee related costs

Acting allowances	1,239,332	1,598,425
Basic	134,829,957	127,599,668
Bonus	10,879,705	10,494,136
Car allowance	10,833,596	11,392,253
Cell and data allowances	155,270	78,200
COD levy	1,188,888	1,091,401
Group Insurance	2,370,931	2,268,083
Housing benefits and allowances	659,602	1,308,787
Leave expense	480,642	2,152,737
Long service awards	1,167,000	1,053,000
Medical aid company contributions	13,025,050	12,169,376
Other payroll levies	69,631	69,650
Overtime payment	23,155,338	25,421,447
Pension Fund	25,752,560	25,259,463
Post-retirement medical aid	2,610,000	2,131,529
SDL	2,084,285	1,712,438
Shift and standby allowance	13,451,008	12,196,702
UJF	1,238,607	1,083,632
Ward committees	1,830,000	2,187,000
	247,021,402	241,267,927

Remuneration of Municipal Manager - GJ Majola

Annual Remuneration	-	943,293
Car Allowance	-	60,000
Other	-	165,996
	-	1,169,289

Ms GJ Majola passed away on 6 February 2021. Mr SI Malaza was appointed acting municipal manager on 26 February 2021 to November 2021 (See Director of Community and Social Services below). Mr BC Sibeko was appointed acting municipal manager from November 2021 to February 2022 (See below). Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager (See below).

Remuneration of Acting Municipal Manager - CJ Lisa

Annual Remuneration	512,933	-
Phone allowance	10,000	-
Contributions to UJF, Medical and Pension Funds	5,948	-
	528,881	-

Mr SI Malaza was appointed acting municipal manager on 26 February 2021 to November 2021 (See Director of Community and Social Services below). Mr BC Sibeko was appointed acting municipal manager from November 2021 to February 2021 (see below). Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager. Mr Lisa was appointed by COGHTA and, therefore, does not hold another post within the municipality.

Remuneration of Acting Municipal Manager - BC Sibeko

Annual Remuneration	1174,130	-
Car Allowance	43,999	-
Contributions to UJF, Medical and Pension Funds	51,281	-
Acting allowance	110,226	-
	379,636	-

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27. Employee related costs (continued)

Mr SI Malaza was appointed acting municipal manager on 26 February 2021 to November 2021 (See Director of Community and Social Services below). Mr BC Sibeko was appointed acting municipal manager from November 2021 to February 2021. Mr Sibeko does not hold an executive post within the municipality, therefore, his remuneration is only shown for the months during which he acted as municipal manager. Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager (see above).

Remuneration of Chief Finance Officer - MMP Matsheke

Annual Remuneration	-	692,220
Car Allowance	-	54,000
Contributions to UIF, Medical and Pension Funds	-	186,636
	-	932,856

The post of CFO has not been filled in 2022, and Mr SM Phiri was acting as CFO for this period (see below)

Remuneration of the Acting Chief Finance Officer - SM Phiri

Annual Remuneration	616,898	598,449
Car Allowance	131,998	133,292
Phone allowance	1,000	-
Contributions to UIF, Group Risk, Medical and Pension Funds	129,831	135,107
Acting Allowance	173,652	185,886
	1,053,379	1,052,734

Mr SM Phiri was acting in the role for substantially the full 2022 financial year and, therefore, is reflected here as a key decision maker in this year.

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27. Employee related costs (continued)

Remuneration of the Director - Corporate Services - PS Mabuza

Annual Remuneration	800,782	800,223
Car Allowance	180,000	180,000
Phone Allowance	20,000	18,000
Contributions to UIF, Medical and Pension Funds	213,045	203,790
Acting Allowance	-	27,102
	1,213,827	1,229,115

Remuneration of the Director - Community and Social Services - SI Malaza

Annual Remuneration	742,922	742,922
Car Allowance	96,000	96,000
Phone allowance	23,592	23,388
Contributions to UIF, Medical and Pension Funds	146,455	135,539
Acting Allowance	283,076	187,962
	1,292,045	1,185,811

Mr SI Malaza was acting in the role of Municipal Manager/Accounting Officer for the second half of the 2021 year and part of 2022.

Remuneration of the Director - Technical Services - FR Mtekele

Annual Remuneration	913,470	913,470
Car Allowance	180,000	180,000
Phone allowance	20,000	18,000
Contributions to UIF, Medical and Pension Funds	176,645	166,238
	1,290,115	1,277,708

Remuneration of the Director - Planning and Development - D Maake

Annual Remuneration	971,697	833,696
Car Allowance	96,000	108,309
Phone allowance	23,592	7,935
Contributions to UIF, Medical and Pension Funds	201,509	180,253
Acting allowance	-	1,710
	1,292,798	1,131,903

Employee related costs
Key management

Audited	1,292,798	1,131,903
By	247,021,402	241,267,927
	7,050,683	7,979,416
	254,072,085	249,247,343

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28. Remuneration of councillors

Executive Mayor
Speaker
Chief Whip
Mayoral Committee Members
Councillors

616,939	938,251
521,428	759,478
612,354	714,787
2,530,278	2,859,147
11,208,402	10,786,547
15,489,401	16,058,210

Additional information

The details for individual councillors are set out in the related parties note 44.

29. Repairs and Maintenance

Plant, Machinery and Equipment
Motor Vehicles
Buildings
Electrical
Roads
Sanitation
Water Supply

3,775,646	4,684,893
2,901,147	2,767,151
318,712	897,012
9,261,666	9,534,569
3,832,968	3,945,602
695,079	743,726
8,657,276	3,902,057
29,442,494	26,475,010

30. Depreciation and amortisation

Property, plant and equipment

Audited 137,641,766

126,751,398

By

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Msukaligwa Local Municipality

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31. Impairment loss

Impairments

Total: R4 090 039

During the financial year, the municipality impaired various assets within Property, Plant and Equipment. This followed a process of physical verification and conditioning grading, which prompted the municipality to review the remaining useful life of the assets.

These impairments are aligned with the Impairment Methodology adopted by the municipality and contained in its Asset Management Policy. The Asset Management Policy is aligned with the municipality's Accounting Policy and complies with GRAP 21 and 26.

Infrastructure Assets

Community:

R122 570

The condition of various buildings, open spaces, sport and recreation facilities, as well as cemeteries deteriorated during the past financial year which prompted the municipality to impair these assets.

Electrical:

R527 744

The condition of high and medium voltage electrical assets, as well as public lighting deteriorated to such an extent that the municipality impaired these assets.

Roads and Storm Water:

R1 809 438

The condition of various road surfaces, road structures and storm water drainage structures deteriorated to such an extent which prompted the municipality to impair these assets.

Sanitation:

R338 821

The condition of certain wastewater treatment areas and sewerage pump stations deteriorated that the municipality impaired these assets.

Water Supply:

R1 253 232

The condition of various boreholes and certain wastewater treatment works around the municipality deteriorated to such an extent that the municipality impaired these assets.

Solid Waste:

R1 712

The condition of certain steel skip bins deteriorated to such an extent that the municipality impaired them.

Movable Assets

Computer Equipment

R5 610

The condition of certain desktop computers and display monitors deteriorated which necessitated the municipality to impair the assets.

Furniture and Office Equipment

R11 853

The condition of various office chairs, desks and tables deteriorated which necessitated the municipality to impair the assets.

Machinery and Equipment

R8 117

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31. Impairment loss (continued)

The overall condition of various gardening tools and equipment deteriorated which prompted the municipality to impair these assets.

Motor Vehicles

R10 941

The condition of certain trailers deteriorated to such an extent that the municipality decided to impair these assets.

Detailed descriptions, components types and photographs of the assets impaired are available in the Fixed Asset Register of the municipality.

32. Finance costs

Trade and other payables

73,202,079

83,519,008

Finance leases

125,346

13,911,445

Land fill site

6,715,630

5,965,000

Employee benefits

6,957,000

87,000,055

103,395,453

33. Debt impairment

Allowance for impairment - Consumer debtors

116,170,093

45,231,109

Allowance for impairment - Traffic fines

4,950,150

4,643,403

121,120,243

49,874,512

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Msukaligwa Local Municipality

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34. Bulk purchases		
Electricity	321,543,768	263,315,516
Water	70,021,816	72,293,588
	<u>391,565,584</u>	<u>335,609,104</u>

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35. Contracted services		
Outsourced Services		
Accounting services	4,452,701	4,036,878
Debt Collectors	-	4,428,325
Electrical	3,050,624	4,731,626
Hygiene Services	-	47,090
Land Fill Sites	-	2,647,000
Maintenance of equipment	68,848	62,629
Prepaid electricity - Commission	2,790,473	3,544,525
Professional Staff	(36,217)	385,235
Security services	26,455,426	21,229,019
Consultants and Professional Services		
Infrastructure and Planning	1,674,013	2,731,683
Legal Cost	6,746,375	9,218,505
	45,202,243	53,062,515
36. Loss on disposal of assets		
Heading		
Losses on Property plant and equipment	(18,048,773)	(8,401,947)
Gains on Investment property	398,736	65,455
	(17,650,037)	(8,336,492)

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	2022	2021
37. General expenses		
Advertising	233,035	196,423
Auditors remuneration	6,375,576	7,555,727
Bank charges	2,340,929	2,176,864
Cleaning	636,716	6,890,264
Communication and stationery	5,134,287	5,033,729
Community support	25,400	9,200
Consulting and professional fees	4,318,757	3,473,059
Consumables	48,640	-
Conferences and seminars	90,264	134,237
Fuel and oil	9,265,468	6,044,876
Hire	-	518,000
Insurance	4,847,105	4,436,879
Internal Billing	(1,901,326)	64,776
IT expenses	-	3,414,212
Materials - Covid-19	431,930	178,771
Protective clothing	1,156,058	1,355,392
Software expenses	7,425,270	3,047,857
Staff welfare	2,324,400	1,110,581
Subscriptions and membership fees	2,683,068	2,398,163
Training	520,910	187,566
Travel - local	2,770,224	2,876,588
	48,726,711	51,103,164

38. Fair value adjustments

Investment property (Fair value model)

66,567,036	-
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	2022	2021
39. Cash generated from operations		
Surplus (deficit)	49,331,085	(62,682,967)
Adjustments for:		
Depreciation and amortisation	137,641,766	126,751,398
Losses on disposals of assets	17,650,037	8,336,492
Fair value adjustments	(66,567,036)	-
Finance costs - Finance leases	-	183,559
Impairment Loss	4,090,039	11,140,490
Debt impairment	121,120,243	49,874,512
Movements in retirement benefit assets and liabilities	1,575,000	9,614,000
Movements in provisions	8,502,466	13,911,445
Donations (assets)	-	(11,480,722)
Changes in working capital:		
Inventories	13,059,827	(8,846,205)
Receivables from exchange transactions	(104,339,412)	(97,280,373)
Receivables from non-exchange transactions	(56,172,467)	(15,078,427)
Payables from exchange transactions	210,134,681	157,110,255
VAT	(18,090,465)	(12,154,858)
Change in landfill valuation	(1,786,836)	-
Unspent conditional grants and receipts	(403,269)	(15,083,435)
Consumer deposits	677,601	1,159,414
	316,423,260	155,473,588

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40. Risk management

Financial risk management

The municipality's is expose to a variety of financial risks: market risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk, but the exposure is limited to the the municipality's management thereof. Due to largely, "non-trading nature" of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports monthly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The Municipality managing of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. The tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

	At 30 June 2022		Less than 1 year	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions			1,574,804,067	-	-
• Finance lease obligation			1,219,090	-	-
At 30 June 2021					
• Payables from exchange transactions			1,364,686,687	-	-
• Finance lease obligation			1,462,908	1,219,090	-

Less than 1 year Between 2 and 5 years Over 5 years

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40. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Municipality or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality from customers and investment securities. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Each class of financial instrument is disclosed separately. Maximum exposure to credit risk not covered by collateral is specified. Financial instruments covered by collateral are specified. Credit risk consists mainly of cash deposits, cash equivalents. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposure to any significant credit risk. Consumer debtors and other debtors are individually evaluated annually at statement of financial position date for impairment or discounting. Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. There were material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, and is not concentrated in any particular sector. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Receivables from exchange transactions	146,660,286	125,349,964
Receivables from non-exchange transactions	59,810,828	41,729,516
Bank balances and cash	9,661,538	7,833,380

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.



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41. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

Trade and other receivables from exchange transactions
Trade and other receivables from non-exchange transactions
Cash and cash equivalents

At amortised cost
146,660,286
59,810,828
9,661,538
216,132,652

Financial liabilities

Trade and other payables from exchange transactions
Consumer deposits
Employee benefit obligation
Unspent conditional grants and receipts
Finance lease obligation

At amortised cost
(1,574,804,067)
(19,243,836)
(73,802,000)
(1,337,635)
(1,179,875)
(1,670,367,413)

2021

Financial assets

Trade and other receivables from exchange transactions
Trade and other receivables from non-exchange transactions
Cash and cash equivalents

At amortised cost
125,349,964
41,729,516
7,833,380
174,912,860

Financial liabilities

Trade and other payables from exchange transactions
Consumer deposits
Employee benefit obligation
Unconditional grants and receipts
Finance lease obligation

At amortised cost
(1,364,686,687)
(18,566,235)
(72,227,000)
(1,740,904)
(2,517,437)
(1,459,738,263)

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42. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Electrical
- Roads
- Sanitation
- Community
- Water supply

4,645,805	986,722
7,475,925	2,623,437
19,329,015	17,767,034
-	2,277,546
10,226,853	34,152,040
41,677,598	57,806,779

Authorised operational expenditure

Already contracted for but not provided for

- Consulting and Professional Fees
- Security (Guarding of municipal property)
- Supply and delivery
- Repairs and maintenance

10,335,294	928,000
70,121,827	7,646,258
18,966,632	24,961,754
-	1,366,090
99,423,763	34,902,102

Total commitments

Total commitments

Authorised capital expenditure

41,677,598 57,806,779

99,423,753

35,484,733

141,101,351

93,291,512

This committed expenditure relates to plant and equipment and will be financed by available National grants, bank facilities, retained surpluses, existing cash resources, funds internally generated.

The commitments above are stated exclusive of VAT. 2021 capital commitments were restated to exclude VAT in order to be consistent with this policy.

By

The capital commitment for Water Supply Infrastructure for 2021 was increased from R6,261,280 Incl. of VAT to R34,152,140 Excl. of VAT based on an analysis of the on-going project and payments.

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43. Contingencies

Contingent liabilities

Issue under consideration

Potential
liability
6,483,579

Status

Attorney

This issue involves land that was earmarked for business and churches but was later disposed of or allocated in a manner which was not in line with the development and the agreement reached in 1995. NEWCHO as the developer is intending to sue the Municipality for damages. The Municipality was served with summons in 2015.

Summons were issued Notice of intention to defend was filed Plea was filed Discovery has been done The matter is at the pre-trial stage The attorneys of NEWCHO have submitted a settlement proposal which has been discussed and the amount was reduced to R 1 Million as per the letter dated 02 July 2020. Then on the 21 of July 2020 the Municipality has further proposed the settlement of R 500 000 and we are still awaiting the response thereto.

TMN Kgomo and Associates

An Employee of the Municipality was electrocuted while on duty on the 27th of May 2011. He is claiming damages alleging that he was injured as a result of the sole negligence of the Municipality.

1,220,500

Summons were issued

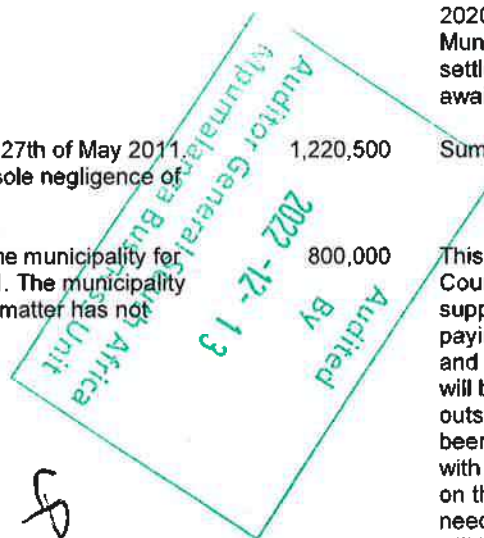
TMN Kgomo and Associates

Action was taken by SAMWU on behalf of Hlophe and others against the municipality for losses due to unlawful variation of the terms of the employment in 2011. The municipality is opposing the claims and pleadings are currently still exchanged, the matter has not been set down for a trial date.

800,000

This matter is still pending in the labour Court. However an information was supplied to our attorneys that we were paying the employees 1.5 prior to 2011 and from 2013. Then further information will be provided on the amount outstanding for that period. A meeting has been held on the 13th of November 2014 with a view to have an amicable solution on this matter. As the Municipality we need to do a calculation. A detailed report will be presented to Council on this matter.

Sefalafala Attorneys



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43. Contingencies (continued)

The Plaintiff is suing the Municipality together with the Minister of Police for pain and suffering as a result of injuries sustained when he was detained in custody as a result of the case of theft of the machine of the Municipality.

6,000,000

Summons were issued

Mhlongo Khumalo Attorneys

This matter comes from the procurement processes on debt collection wherein the Plaintiff submitted a tender for that service. The Plaintiff realised that they were appointed after seeing their name on the website as part of those who were awarded the tender. They are suing the Municipality for future loss of income.

50,000,000

The notice of intention to defend has already been filed and the matter is pending in the High Court.

Julie Mahommed Attorneys

This matter is alleged breach of contract by Altimax in that the Municipality is failing or has failed to pay outstanding payment for services rendered in 2015.

2,739,639

Summons were issued

TMN Kgomo and Associates

A vehicle belonging to the resident was involved in the accident as a result of the negligence of the Municipality not to mark the area where it was working with the red tape in 2014.

162,385

Summons were issued

TMN Kgomo and Associates

The employees of the Municipality went on a protest which turned violent and there was damage to property of the Municipality in 2013. As result there were employees who were arrested for that. Some of the employees were withdrawn from the case and others were acquitted. Then one of the employees is suing the Municipality for unlawful arrest.

65,000

Summons were issued and the matter is defended

TMN Kgomo and Associates

Children were playing in Thusville and one of them was electrocuted by an electricity line in 2015 and he suffered damages in the form of the pain and suffering and future loss of income.

25,000,000

Summons were issued

Mohlala Attorneys

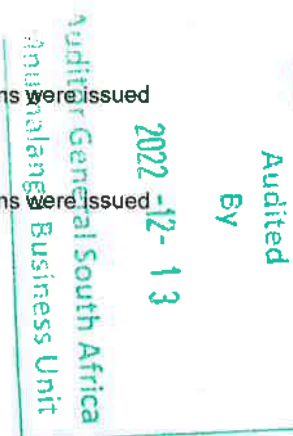
A resident's motor vehicle was involved in an accident in 2014 and as a result the resident suffered damages.

600,000

Summons were issued

Mohlala Attorneys

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43. Contingencies (continued)

The Municipality was served with summons from the Department of Water and Sanitation suing the Municipality for the payment of R 184 124 516.50 for the outstanding amount in the supply of bulk water since 2002.

184,124,517

Summons were issued

TMN Kgomo and Associates

The Municipality is sued for negligence as a result of not maintaining the electricity infrastructure which resulted in the damage of properties of the residents when the electricity was switched on in 2010.

311,467

Summons were issued

TMN Kgomo and Associates

The Municipality is sued for the damage caused on the Telkom lines when the employees were fixing the damages water pipes.

230,423

Summons were issued

Mohlala Attorneys

The Plaintiff is suing the Municipality for the damages caused on his vehicle as a result of hitting the pothole on a Municipal road.

10,560

Summons were issued against the Municipality and the matter was referred to our insurance which repudiated the claim because it was lodged very late. The matter is defended in person because the claimed amount is low versus the legal costs

None

Damages to vehicle to due to potholes in the road.

83,800

Summons were issued

Mhlongo Khumalo Attorneys

The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired.

8,778,153

Summons were issued

Mhlongo Khumalo Attorneys

The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired.

4,539,707

Notice of intention to defend was filed

Mhlongo Khumalo Attorneys

The Municipality is sued as result of the motorist hitting a pothole on Little street in Ermelo which resulted in the damage to his vehicle

18,941

Summons were issued

None yet appointed

The Municipality is being sued as result of the motorist hitting a pothole on Little street in Ermelo which resulted in the damage to his vehicle

26,400

Summons were issued and the matter is being defended

None yet appointed

The Municipality has been served with summons for the breach of contract on the tender that was withdrawn for the maintenance of the Ermelo Landfill site. The company is claiming for the future loss of income.

20,000,000

The Municipality is defending the matter and the answering affidavit was filed. An application in terms of rule 35 has been served by the Defendant to the Plaintiff.

Mohlala Attorneys

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43. Contingencies (continued)

The Municipality has been served with summons from Vimstire Security Services for the amount outstanding from the services rendered.

17,138,857

The Municipality has entered the notice of intention to defend and the plea has been entered.

Mhlongo Khumalo Attorneys

The Municipality received the notice of motion to comply with the court order to ensure that the employee does not suffer financial loss on the money deducted by SARS and the accrual on the pension fund.

953,473

The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.

Sibeko Incorporated

329,287,401

Contingent assets

Issue under consideration

The service providers are considered to have performed substandard work in the construction of a water reservoir which resulted in the reservoir bursting. At that stage the service providers had already been paid a certain sum of money for the job. The Municipality is claiming back the money already paid to the service providers (consultants and the contractor).

Potential Asset
5,687,831

Status
Summons were issued by the Municipality.

Attorney
Gildenhuys Malatjie Attorneys

5,687,831

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44. Related parties

Members of key management (officials)

Municipal Manager & Accounting Officer at the date of signing -
Appointed 12 August 2022

Acting Municipal Manager & Accounting Officer - 28 February - 12
August 2022

Acting Municipal Manager & Accounting Officer - Appointed 26
November 2021 - 28 February 2022

Acting Municipal Manager & Accounting Officer - Appointed 26 February
2021 - 26 November 2021

Chief Financial Officer - Resigned 31 March 2021

Acting CFO - From 1 June 2020

Director - Corporate Services

Director - Community and Social Services

Director - Planning and Economic Development

Director - Technical Services

Executive Mayor

Speaker

Chief Whip

MMC - Corporate Services

MMC - Finance

MMC - Technical Services

MMC - Community and Social Services

MMC - Planning & Economic Development

Councillors

Mr. M Kunene	Ms. MM Matsheka
Mr. CJ Lisa	Mr. SM Phiri
Mr. BC Sibeko	Mr. PS Mabuza
	Mr. SI Malaza
	Mr. D Maake
	Mr. FR Ntekele
	Cllr. BJ Mkhaliphi
	Cllr. MP Nkosi
	Cllr. PE Mashiane
	Cllr. JA Bal
	Cllr. BJ Mkhaliphi
	Cllr. EC Msezane
	Cllr. TA Mntsi
	Cllr. JS Bongwe
	Cllr. JDA Bignaut
	Cllr. MJ Blose
	Cllr. Z Breydenbach
	Cllr. ZK Dhludhu
	Cllr. GS Greyling
	Cllr. BJ Jiyane
	Cllr. LNV Kuhnaka
	Cllr. DJ Ltau
	Cllr. FJ Mabasa
	Cllr. D Mabunda
	Cllr. BI Mabuza
	Cllr. ME Madonsela
	Cllr. NH Magagula
	Cllr. LS Mahlangu
	Cllr. LA Maseko
	Cllr. MZM Mashiane
	Cllr. VV Mazibuko
	Cllr. LD Mdebele
	Cllr. TC Motha
	Cllr. TJ Madlala
	Cllr. PF Molozi
	Cllr. BNN Ndlovu
	Cllr. DM Nkambule
	Cllr. T Nkosi
	Cllr. ZJ Nkosi
	Cllr. JU Nzimande
	Cllr. M Sibeko
	Cllr. PT Sibeko
	Cllr. BJM Sithole
	Cllr. HF Swart
	Cllr. MR Yende

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44. Related parties (continued)

Remuneration of management

Management class: Mayoral Committee Members

2022

Name	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	Total
MP Nkosi (Executive Mayor)	169,764	61,109	25,465	24,474	280,812
NS Xaba (Speaker)	142,377	54,578	23,775	28,626	249,356
PT Sibeko (Chief Whip)	216,038	82,815	28,818	28,626	356,297
TJ Madlala	169,720	65,060	27,585	28,626	290,991
BG Motha	139,948	53,647	22,772	28,626	244,983
TC Motha	161,009	61,720	26,178	28,626	277,533
EC Msezane	194,977	74,742	31,669	28,626	330,014
SE Ngovene	288,051	-	45,838	28,626	362,515
Out-going councillors					
BJ Mkhaliphi (Executive Mayor)	209,213	79,453	31,667	15,774	336,127
MP Nkosi (Speaker)	167,370	63,563	25,365	15,774	272,072
PE Mashiane (Chief Whip)	156,909	59,590	23,785	15,774	256,058
JA Bai	156,909	59,590	23,785	15,774	256,058
JS Bongwe	156,909	59,590	23,785	15,774	256,058
TA Mnisi	148,886	59,590	31,831	15,774	256,081
EC Msezane	156,909	59,590	23,785	15,774	256,058
	2,634,989	894,637	416,123	335,274	4,281,023

The new council was established and then reconstituted, as a result, several councillors acted in various positions; the names above represent the office bearers at year end.

2021

Name	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	Total
BJ Mkhaliphi (Executive Mayor)	582,952	223,463	87,435	44,400	938,250
MP Nkosi (Speaker)	466,355	178,770	69,953	44,400	759,478
PE Mashiane (Chief Whip)	437,209	167,597	66,581	44,400	714,787
JA Bai	437,209	167,597	66,581	44,400	714,787
JS Bongwe	437,209	167,597	66,581	44,400	714,787
TA Mnisi	413,993	167,597	88,797	44,400	714,787
EC Msezane	437,209	167,597	66,581	44,400	714,787
	3,212,136	1,240,218	508,509	310,800	5,271,663

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44. Related parties (continued)

Management class: Councillors

2022

	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension	Cell Phone and Data Allowance	Total
DVF Arnoldi	118,887	45,574	19,366	28,626	212,453
JDA Bilgaut	76,878	45,908	72,254	28,626	223,666
Z Breydenbach	118,887	45,574	19,366	28,626	212,453
SSS Buthelezi	206,830	79,285	33,670	28,626	348,411
SS Cindi	185,689	-	29,598	28,626	243,913
AM Estate	81,991	31,430	13,356	19,733	146,510
SP Khalsiwa	181,748	-	28,973	28,626	239,347
LNK Kubheka	35,530	-	5,668	6,413	47,611
BI Mabuza	118,887	45,574	19,366	28,626	212,453
SM Mabuza	186,597	-	29,742	28,626	244,965
VCN Madini	291,463	-	46,376	28,626	366,465
TJ Maduna	179,881	-	28,677	28,626	237,184
BA Mahlaele	334,650	-	63,836	28,626	427,112
MS Malaza	158,517	-	25,288	28,626	212,431
VJ Maseko	139,266	53,385	22,661	28,626	243,938
SC Mathebula	158,517	-	25,288	28,626	212,431
MM Mkhathiphi	185,689	-	29,612	28,626	243,927
BL Ndlaazi	179,881	-	28,677	28,626	237,184
MFJ Ndlovu	158,517	-	25,288	28,626	212,431
SF Ngwenya	158,517	-	25,288	28,626	212,431
LL Nhlapho	20,498	-	3,270	3,700	27,468
BJ Nkosi	158,517	-	25,288	28,626	212,431
MZ Nkosi	148,268	11,786	23,756	28,626	212,436
NR Nkosi	139,266	53,385	22,661	28,626	243,938
T Nkosi	118,887	45,574	19,366	28,626	212,453
MA Nzimande	229,951	-	36,619	28,626	295,196
RT Nzimande	158,516	45,574	22,241	28,626	209,383
JJ Schoitz	118,887	-	19,366	28,626	212,453
PH Sibiya	163,163	-	26,025	28,626	217,814
MR Yende	118,887	45,574	19,366	28,626	212,453
TP Zulu	195,185	-	31,104	28,626	254,915
ZE Zulu	231,219	-	36,820	28,626	296,665

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44. Related parties (continued)

Out-going council members

	Annual Remuneration	Car Allowance	Contributions to medical aid and pension fund	Cellphone and data allowance	Total
JDA Bignaut	44,220	25,144	32,133	15,774	117,271
MJ Blose	66,208	25,144	10,082	15,774	117,208
Z Breydenbach	66,208	25,144	10,082	15,774	117,208
ZK Dhludhu	66,208	25,144	10,082	15,774	117,208
GS Greyling	66,208	25,144	10,082	15,774	117,208
BI Jiyane	66,208	25,144	10,082	15,774	117,208
LNK Kuthake	66,208	25,144	10,082	15,774	117,208
DJ Lthau	61,785	32,268	36,164	15,774	145,991
FJ Mabasa	66,208	25,144	10,082	15,774	117,208
D Mabunda	66,208	25,144	10,082	15,774	117,208
BI Mabuza	66,208	25,144	10,082	15,774	117,208
TJ Madlala	84,967	32,268	12,916	15,774	145,925
ME Madonsela	67,405	32,268	30,528	15,774	145,975
NH Magagula	84,967	32,268	12,916	15,774	145,925
LS Mahlangu	66,208	25,144	10,082	15,774	117,208
LA Maseko	66,208	25,144	10,082	15,774	117,208
MZM Mashiane	66,208	25,144	10,082	15,774	117,208
VV Mazibuko	66,208	25,144	10,082	15,774	117,208
LD Mndebele	84,967	32,268	12,916	15,774	145,925
PF Moloyi	66,208	25,144	10,082	15,774	117,208
TC Mottha	84,967	32,268	12,916	15,774	145,925
BNN Ndlovu	52,818	25,144	23,510	15,774	117,246
DM Nkambule	66,208	25,144	10,082	15,774	117,208
T Nkosi	66,208	25,144	10,082	15,774	117,208
ZJ Nkosi	84,967	32,268	12,916	15,774	145,925
JJ Nzimande	66,208	25,144	10,082	15,774	117,208
M Sibeko	66,208	25,144	10,082	15,774	117,208
PT Sibeko	84,967	32,268	12,916	15,774	146,004
BJM Sithole	66,208	25,144	10,082	15,774	117,208
HF Swart	66,208	25,144	10,082	15,774	117,208
MR Yende	66,208	25,144	10,082	15,774	117,208
	7,184,464	1,385,079	1,289,864	1,348,994	11,208,401

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44. Related parties (continued) 2021

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JDA Blignaut	120,091	70,718	92,062	44,400	327,271
MJ Blose	184,480	70,718	27,672	44,400	327,270
Z Breydenbach	184,480	70,718	27,672	44,400	327,270
ZK Dhludhlu	184,480	70,718	27,672	44,400	327,270
GS Greyling	184,480	70,718	27,672	44,400	327,270
BI Jiyane	184,480	70,718	27,672	44,400	327,270
LNK Kubheka	184,480	70,718	27,672	44,400	327,270
DJ Lita	166,186	90,754	106,077	44,400	407,417
FJ Mabasa	184,480	70,718	27,672	44,400	327,270
D Mabunda	184,480	70,718	27,672	44,400	327,270
BI Mabaza	184,480	70,718	27,672	44,400	327,270
TJ Madlala	236,750	90,754	35,513	44,400	407,417
ME Madonsela	185,494	90,754	86,769	44,400	407,417
NH Magagula	236,750	90,754	35,513	44,400	407,417
LS Mahlangu	184,480	70,718	27,672	44,400	327,270
LA Maseko	184,480	70,718	27,672	44,400	327,270
MZM Mashiane	184,480	70,718	27,672	44,400	327,270
VV Mazibuko	236,750	90,754	35,513	44,400	407,417
LD Mndebele	184,480	70,718	27,672	44,400	327,270
PF Moloji	236,750	90,754	35,513	44,400	407,417
TC Moltha	145,087	70,718	67,065	44,400	327,270
BNN Ndlovu	184,480	70,718	27,672	44,400	327,270
DM Nkambule	184,480	70,718	27,672	44,400	327,270
T Nkosi	236,750	90,754	35,513	44,400	407,417
ZJ Nkosi	184,480	70,718	27,672	44,400	327,270
JJ Nzimande	184,480	70,718	27,672	44,400	327,270
M Sibeko	236,750	90,754	35,513	44,400	407,417
PT Sibeko	184,480	70,718	27,672	44,400	327,270
BJM Sithole	184,480	70,718	27,672	44,400	327,270
HF Swart	184,480	70,718	27,672	44,400	327,270
MR Yende	184,480	70,718	27,672	44,400	327,270
	5,911,438	2,352,546	1,146,163	1,376,400	10,786,547

Refer to note Remuneration of councillors 28.

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44. Related parties (continued)

Management class: Key management (officials)

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Name	Annual Remuneration	Car Allowance	Telephone Allowance	Contributions to UIF, Medical Aid and Pension	Acting Allowance	Total
C.J. Lisa - Acting Municipal Manager	512,933	-	10,000	5,948	-	528,881
BC Sibeko - Acting Municipal manager	174,130	43,999	-	51,281	110,226	379,636
SM Phiri - Acting-Chief Financial Officer	616,898	131,998	1,000	129,831	173,652	1,053,379
PS Mabuza - Director Corporate Services	800,782	180,000	20,000	213,045	-	1,213,827
SI Malaza - Director Community and Social Services / Acting Municipal Manager	742,922	96,000	23,592	146,455	283,076	1,292,045
D Maake - Director Planning and Development	971,697	96,000	23,592	201,509	-	1,292,798
FR Ntekele - Director Technical Services	913,470	180,000	20,000	176,645	-	1,290,115
	4,732,832	727,997	98,184	924,714	566,954	7,050,681

2021

Name	Annual Remuneration	Car Allowance	Telephone Allowance	Contributions to UIF, Medical Aid and Pension	Acting Allowance	Total
G.J. Majola - Municipal Manager	943,293	60,000	-	165,996	-	1,169,289
MM Matsheka - Chief Financial Officer	692,220	54,000	-	186,636	-	932,856
SM Phiri - Acting-Chief Financial Officer	598,449	133,292	-	135,107	185,886	1,052,734
PS Mabuza - Director Corporate Services	800,223	180,000	18,000	203,790	27,102	1,229,115
SI Malaza - Director Community and Social Services/ Acting Municipal Manager	742,922	108,368	23,388	135,539	187,962	1,198,179
D Maake - Director Planning and Development	833,696	96,000	-	-	1,710	1,119,594
FR Ntekele - Director Technical Services	913,470	180,000	18,000	166,238	-	1,277,708
	5,524,273	811,660	67,323	1,173,559	402,660	7,979,475

Refer to note Employee related costs 27.

In 2021, Mr. Phiri was acting in the role as indicated for the full year, therefore, he considered to have been a key decision maker and a related party for disclosure purposes.

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45. 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. However, there are indicators of operational and financial distress.

The role of CFO was still vacant at year end (official acting in this role). The municipality also has material contingent liabilities of R329,287,401, which may pose a risk to future operations.

Although, at 30 June 2022, the municipality had an accumulated surplus of R 1,327,315,506 and that the municipality's total assets exceed its liabilities by 1,327,315,506, this is largely due to non-current assets such as Property, plant and equipment, rather than working capital. In terms of current assets and liabilities, the Municipality has net liabilities of R1,240,381,094.

The Municipality reported a surplus of R66,521,774 for the period (2021: deficit R62,682,957).

The ability of the Municipality to continue its operations for the foreseeable future is supported by the following:

Approved budget for the Medium Term Expenditure Revenue Framework ending 2023

Approved Division of Revenue Act with estimated allocation of equitable share and capital the next 3 years

The developed financial recovery plan which is monitored on a monthly basis.

46. Events after the reporting date

Mr M Kunene was appointed as Municipal Manager from 12 August 2022. No other significant events after the reporting date have been identified.

47. Unauthorised expenditure

Opening balance as previously reported

Opening balance as restated

Current year transactions

Add: Expenditure identified - current

Closing balance

276,339,946	192,880,946
276,339,946	192,880,946
-	-
136,915,644	83,459,000
413,255,590	276,339,946

The municipality is currently investigating the unauthorised expenditure, reports have been served before MPAC which will then be assigned to the Disciplinary Board to perform the investigation.

48. Fruitless and wasteful expenditure

Opening balance as previously reported

Correction of prior period error

Opening balance as restated

Current year transactions

Interest and penalties on arrear amount - Eskom
Interest and penalties on arrear amount - DWS
Interest and penalties on arrear amount - DCSS
Interest and penalties on arrear amount - PRODIBA
Interest and penalties on arrear amount - SARS VAT
Interest and penalties on arrear amount - SARS PAYE

Closing balance

Audited: 89,198,792	141,438,243
By: -	(52,239,451)
89,198,792	89,198,792
37,727,748	-
49,681,248	-
5,792,227	-
150	-
476	-
230	-
162,400,871	89,198,792

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48. Fruitless and wasteful expenditure (continued)

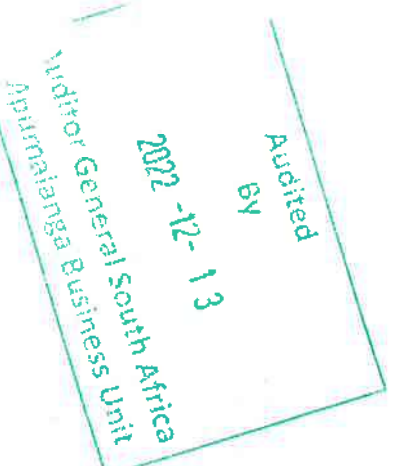
The Municipality is currently investigation the fruitless and wasteful expenditure, reports have served before MPAC which then assigned the Disciplinary board to perform the investigation.

In terms of section 2 of the Government Gazette number 43181, subject to the condition in paragraph 3, municipalities and municipal entities are exempted from a provision of the Act which requires any action to be taken between the date of publication of this notice and the date that the national state of disaster lapses or is terminated in terms of section 27(5) of the Disaster Management Act, 2002. As such, fruitless and wasteful expenditure for 2021 has not been disclosed.

49. Irregular expenditure

Opening balance	285,528,760	254,506,289
Correction of prior period error	-	114,950,742
Opening balance as restated	285,528,760	369,457,031
Current year transactions		
Current year expenditure	43,581,841	59,816,979
Identified in the current year for 2021 year	30,874,041	-
Less: Amount written off with regard to 2014/15	-	(143,745,250)
Closing balance	369,984,642	285,528,760

The Municipality is currently investigation the irregular expenditure, reports have served before MPAC which then assigned the Disciplinary board to perform the investigation.



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49. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

Entity	Reason for Irregular expenditure		
Afrent	Non-compliance with Reg 32 requirements	315,007	-
B & S Electrical	Non-compliance with SCM regulations	407,746	-
Ermsa Electrical JV Melokuhle	A valid CIDB registration with a CRS number is required for both supplier of the JV in order to be able to calculate the joint venture CIDB grading.	1,334,515	-
The Highvelder (CTP Limited)	Supplier not registered with CSD/ No 3 quotation	117,884	-
Highveld Tribune	Supplier not registered with CSD/ No 3 quotation	7,100	-
MT Mtimandze Projects and Consulting Pty Ltd.	Non-compliant with Reg 32 requirements	752,873	-
Innovation Government	Non compliance with Reg 32 requirements	773,077	-
Software Solutions	Deviation raised but considered invalid	86,957	-
Umpiluzi Fire Protection	Deviation raised but considered invalid	27,850	-
Truvelo Manufacturing	Deviation raised but considered invalid	564,500	-
Traffic Signals and Accessories	Non-compliance on MBD 4 Form declaration	66,560	-
Mkhensani Trading	Non-compliance with SCM regulations	11,449,202	-
Vintsize Protection and Security Services	Non-compliance with SCM regulations	4,396,431	-
Zamangwane Consultants CC	Non-compliance with SCM regulations	1,722,000	-
Zip Zep Trading	Non-compliance with SCM regulations	763,538	-
Zonde Trading	Appointed after 90 days validity period has elapsed	3,207,376	-
Kgwebiswano Supplies And Services	Appointed after 90 days validity period has elapsed	5,797,822	-
Ndiza Solutions	Appointed after 90 days validity period has elapsed	3,910,777	-
Oakantswe Construction And Projects 1	Appointed after 90 days validity period has elapsed	4,119,974	-
Shwings Construction	Appointed after 90 days validity period has elapsed	3,760,654	-
VDAN Construction CC	Unable to determine whether local content was in terms of tender requirements.	-	30,874,041
VDAN Construction CC		43,581,843	30,874,041

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee
Amount paid - current year

Audit fees

Opening balance
Current year fee
Interest on late payments
Amount paid - current year

	Audited By 2022-12-13	
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	2,520,685	2,484,230
	(2,520,685)	(2,484,230)
	-	-
	(9,417,199)	(6,872,794)
	-	2,213,865

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50. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance
Current year fee
Amount paid - current year

3,310,458	-
39,955,697	36,842,764
(40,038,860)	(33,532,306)
3,227,295	3,310,458

The unpaid amounts above represent June declarations, which are typically paid in the first week of July as permitted by SARS.

Pension and Medical Aid Deductions

Current year fee
Amount paid - current year

68,207,218	61,541,411
(62,915,735)	(61,541,411)
5,291,483	-

VAT

VAT receivable
VAT payable

538,774,905	463,489,872
(423,312,639)	(366,118,071)
115,462,266	97,371,801

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the year the following Councillor had arrear accounts outstanding for more than 90 days.

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
DVF Arnoldi	7,160	-	7,160
JDA Blignaut	1,933	-	1,933
Z Breydenbach	1,619	-	1,619
VCN Madini	1,987	8,280	10,267
BA Mahalele	1,545	-	1,545
AM Mahlangu	1,926	21,740	23,666
VJ Maseko	2,369	86,273	88,642
SC Mathebula	1,584	34,908	36,492
MM Mkhalephi	79	554	633
TC Motta	553	3,175	3,728
EC Msezane	2,777	2,050	4,827
BL Ndilazi	3,526	19,454	22,980
MFJ Ndlovu	66	9,341	9,407
MP Nkosi	3,890	-	3,890
NR Nkosi	1,463	7,638	9,101
JJ Scholtz	10,596	5,909	16,507
NS Xaba	2,077	-	2,077
TP Zulu	158	-	158
	45,310	199,322	244,632

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51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Supplier name	Deviation date	Reason for deviation	Description	Amount
Chem-Tech	18/01/2022	Emergency	The contract of Zangwane was terminated and the municipality was still in the process of advertising the tender.	147,177
Van Schaik	07/03/2022	Impractical	It was impractical to source quotations for library books which were selected by the library section from different suppliers as titles was available to single supplier.	80,317
Performance Marketing	06/04/2022	Emergency	The municipality was replacing the uninterruptible power supply (UPS) inverter in the server room as system availability was beginning to affect the payment of suppliers for critical municipal operations.	261,708
Asonke Engineering	13/04/2022	Emergency	Fixing of water pipe that distribute water to CBD, Thusi, and Wesselton was disturbed by the ongoing Eskom's load shedding, thus the plant become nonfunctional under load shedding, consequently the water levels becomes insufficient to supply the above mentioned areas.	185,725
IFA Lethu Technology	28/04/2022	Emergency	Emergency purposes, the company is a sole provider chlorine, cylinders and chemical for water	534,750
IFA Lethu Technology	28/04/2022	Emergency	Emergency purposes, the company is a sole provider chlorine, cylinders and chemical for water	997,913
Performance Marketing	28/04/2022	Emergency	The municipality was replacing the uninterruptible power supply (UPS) inverter in the server room as system availability was beginning to affect the payment of suppliers for critical municipal operations	169,242
Imisebe Engineering	09/05/2022	Emergency	Additional work on damaged Chicadee MV structures and underground cable at Wesselton Extension 7	193,159
Conlog Abafazi Healthcare Service	09/05/2022 24/05/2022	Emergency Emergency	Purchasing electricity meters.	657,495 5,506
Truvelo Manufacture	30/05/2022	Emergency	Emergency calibration machine for the traffic officers, need to be serviced after six months.	5,263
Bindza Trading	01/06/2022	Emergency	Emergency, a transformer which was damaged due to an oil leak, the contracted service provider failed to submit the quotation as requested.	287,500
Chem-Tech	09/06/2022	Emergency	The contract of Zangwane was terminated and the municipality was still in the process of advertising the tender.	1,271,526
IFA Lethu Technology	15/06/2022	Emergency	The contract of Zangwane was terminated and the municipality was still in the process of advertising the tender.	290,028

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51. Deviation from supply chain management regulations (continued)

5,087,309

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52. Budget differences

Statement of Financial Performance

The following variances are generally on balances or amounts over R1m where the variance is over 10%. The variance on Accumulated surplus is the sum of all other variances, therefore this is not discussed.

1.01 - Other income and licensing fees

Increase in connection and reconnection fees, Increase in compliance certificate in fire drill.
License fees of R3.6m are also included here, being R1m over budget, but budgeted for separately. These are inherently difficult to predict as it depends on the level of demand from the community. See 1.04.

1.02 - Interest received

Increase in service tariffs and non payment of consumers as well as investments in Call Account

1.03 - Gains on disposal of assets

These are inherently difficult to estimate and were not planned for in the budget.

1.04 - License fees of R3.6m are included as other income in the financial statements, see 1.01 above. These were R1m over budget. These are inherently difficult to predict as it depends on the level of demand from the community.

1.05 - Government grants and subsidies

Increase in R81G Grant from R86 million to R201 million. An additional amount of R115 million was received in March 2022

1.06 - Employee related costs

Under Spending due to non-filling of funded vacant posts

1.07 - Remuneration of councillors

All Section 79& 80 committees were not fully appointed during the political transition.

1.08 - Impairment loss/Reversal of impairments

These were not budgeted for and inherently difficult to estimate or predict.

1.09 - Finance Costs

This is as a result of late payment to Eskom & DWS invoices due to financial constraints

1.10 - Debt impairment

The impairment was higher than anticipated due to the debt growing/ageing significantly (due to on-going non-payment).

1.11 - Bulk Purchases

This is as a result of late receipt of DWS invoices and Eskom tariff changes during March 2022

1.12 - Contracted services

This is due to cost containment measures implemented using internal staff for repairs and maintenance

1.13 - General expenses

Cost cutting exercises helped reduce the general expenditure.

1.14 - Losses on disposal of assets and liabilities

These are inherently difficult to estimate and were not planned for in the budget.

1.15 Fair Value gains

This is due to the implementation of the new valuation role, where the value of the property increased far beyond expectations and extremely difficult to budget for.

1.16 - Actuarial Gains

This is due to the improvement on the performance of the investment in relation to medical aid and long service award provision. This is inherently too complex to budget for.

1.17 - Inventory Losses

This is due to the theft of municipal transformers during the first and second quarter of 2021/2022 financial year.

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52. Budget differences (continued)

Statement of financial position

1.16 - Inventories

This is due to the theft of municipal transformers during the first and second quarter of 2021/2022 financial year

1.19 - Receivables from non-exchange & Consumer debtors

This is due to the increase in municipal tariffs and non-payment of services as well as higher impairment due to growing and ageing debt.

1.20 - Call investment deposits and Cash and cash equivalents

This is due to increase in savings on the Call Account at year end 30 June 2022 and cost cutting exercises.

1.21 - VAT receivable

No change in VAT is estimated as this is inherently complex, however, the year-on-year movement was due to a large exercise was performed to reconcile the VAT balance to debtors and creditors (see the prior period error note 55).

1.22 - Investment property

The increase was due to the new valuation roll being implemented and growth in property values in the area.

1.23 - Finance lease obligation

The budget was not appropriately updated to reflect that the lease term has decreased and is now less than 12 months.

1.24 - Payables from Exchange transactions

This is due to non-payments of Department of Community Safety Security and Liaison. Dispute with Department of Water and Sanitation and Eskom arrears debt. The municipality also performed a significant exercise to correct the historical balances of these major creditors, which could not be anticipated in the budget. See prior period errors note 56.

1.25 - Consumer deposits

The budget was based on anticipated movements in the deposits, rather than the deposits at year end.

1.26 - Unspent conditional grants

The budget anticipated that all grants would be spent in full, but some have long standing balances and others were impacted by the timing of operational requirements

1.27 - Provisions

This includes the employee benefits obligation and the landfill rehabilitation provision. The budget did not incorporate these correctly.

Statement of Cashflows

1.28 - Net cash flows from operating activities

This is due to inadequate revenue collection as it dropped from 70% to 64%, an increase in savings on the call account as well as non-payment of Eskom, DWS and DCSSL.

1.29 - Net cash flows from investing activities

Additional allocations on conditional grants, especially the RBIG, were spent during the year

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53. Distribution losses

Values - Rand

Electricity	192,981,942	144,559,574
Water	53,302,821	13,595,946
	246,284,763	158,155,520

Values - Units

Electricity	133,240,410	117,885,318
Water	6,286,564	5,595,274
	139,526,974	123,480,592

Electricity

The municipality purchased 222,003,278 (2021: 214,728,312) units during the financial year and sold 88,762,868 (2021: 96,842,944) units during the financial year. This represents a loss of 60% (2021: 55%). Reasons for incurring electricity losses relates to the dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

Water

The municipality purchased 8,275,789 (2021: 8,242,635) units during the financial year, of which a total of 1,989,225 (2021: 2,647,361) units were sold. This represents a loss of 76% (2020: 68%). Reasons for incurring water losses relates to old infrastructure, resulting in the section experiencing water leaks and continuous pipe breakages. The availability of working material in time is an issue, resulting in prolonged reaction times for the sections with breakages. Furthermore insufficient staff, components and working vehicles which affect the reaction time.

54. Change in estimate

Property, plant and equipment

During the financial year, management made changes in estimate on certain assets within Property Plant and Equipment. Changes emanating from these reviews were accounted for as a change in accounting estimates in terms of GRAP 3. These were due to the change in useful life whereby economic value could be derived from the assets after final physical verification of these assets were performed.

The impact on depreciation is shown below:

Infrastructure	1,938,025	5,765,494
Community (buildings)	42,284	269,702
Movable assets	663,953	870,517

Detailed descriptions, component types of the assets in question are available in the Fixed Asset Register of the municipality.

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55. Prior-year adjustments

The following issues were addressed which impacted on various notes:

- Commitments (Note 42): The Capital commitments were adjusted to correct an understatement of commitments relating to Water Supply, and the figures were restated to exclude VAT to be consistent with the operational commitments. This resulted in a net increase in capital commitments of R17 904 349 from R39 902 431 to R51 806 780.
- Irregular expenditure (Note 49): Irregular Expenditure relating to VDAN Construction of R 30 874 041 was identified which related to the 2020/21 financial year.

Presented below are those items contained in the statement of financial position, and statement of financial performance that have been affected by prior-year adjustments (note debit balances or transaction totals are reflected as positive and credits as negative so that the adjustments correspond with the related journal entries):

Statement of financial position

2021

	Note	As previously reported	Correction of error	Reclassification	Restated
Current Assets					
Inventories		26,063,539	-	-	26,063,539
Receivables from exchange transactions		132,017,097	(6,667,133)	-	125,349,964
Receivables from non-exchange transactions		41,729,516	-	-	41,729,516
VAT receivable		239,562,203	(142,190,402)	-	97,371,801
Cash and cash equivalents		7,861,421	(28,041)	-	7,833,380
Non-current assets					
Investment property		114,321,362	-	-	114,321,362
Property, plant and equipment		2,362,971,642	18,020,618	-	2,380,992,260
Intangible assets		108,045	-	-	108,045
Heritage assets		192,195	-	-	192,195
Finance lease obligation		(1,337,562)	-	-	(1,337,562)
Payables from exchange transactions		(1,573,437,718)	208,750,886	145	(1,364,686,887)
Consumer deposits		(18,082,991)	(473,244)	-	(18,556,235)
Employee benefit obligation		(3,504,000)	-	-	(3,504,000)
Unspent conditional grants and receipts		(1,740,904)	-	-	(1,740,904)
Finance lease obligation		(1,179,875)	-	-	(1,179,875)
Employee benefit obligation		(68,723,000)	-	-	(68,723,000)
Provision		(73,430,066)	-	-	(73,430,066)
Accumulated surplus		(1,183,380,904)	(77,412,684)	-	(1,260,793,733)
		-	-	-	-

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55. Prior-year adjustments (continued)

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Reclassification	Restated
Service charges		(373,677,168)		-	(375,616,655)
Rental of facilities and equipment		(2,501,084)	(1,939,487)	-	(2,501,084)
Agency services		(9,276,278)	-	-	(9,276,278)
Other income		(12,183,998)	-	-	(12,183,998)
Interest earned		(42,394,579)	-	(145)	(42,394,724)
Property rates		(127,003,868)	-	-	(127,003,868)
Government grants & subsidies		(386,175,885)	-	-	(386,175,885)
Fines		(5,970,890)	-	-	(5,970,890)
Donations received		(11,480,722)	-	-	(11,480,722)
Employee related costs		249,247,402	-	-	249,247,402
Remuneration of councillors		16,058,210	-	-	16,058,210
Repairs and Maintenance		26,475,010	-	-	26,475,010
Depreciation and amortisation		125,858,114	893,284	-	126,751,398
Impairment loss		11,189,463	(48,973)	-	11,140,490
Finance costs		103,371,534	23,919	-	103,395,453
Debt impairment		49,874,512	-	-	49,874,512
Bulk purchases		335,913,422	(304,318)	-	335,609,104
Contracted services		53,040,615	21,900	-	53,062,515
Losses on disposal of assets		7,346,670	989,822	-	8,336,492
General Expenses		52,470,977	(1,367,813)	-	51,103,164
Actuarial gain		4,104,602	-	-	4,104,602
Inventories (losses)/gains		128,709	-	-	128,709
(Surplus)/Deficit for the year		64,414,768	(1,731,666)	(145)	62,682,957

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

An account relating to Trade and other payables was incorrectly classified as Investment Income. As a result, Trade and other payables was overstated by R145, and Investment Income was understated by R145

Statement of Financial Position
Payables from exchange transactions
Statement of Financial Performance
Interest earned

145
(145)
-

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2022-12-13
Auditor General South Africa
Mabumalanga Business Unit

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Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand

2022

2021

56. Prior period errors

Error 1

Assets which were not verified during the audit had not been derecognised. As a result, Property, plant and equipment was overstated and Accumulated surplus, Depreciation and Losses on disposal of assets or liabilities were misstated.

Statement of Financial Position

Decrease Property, plant and equipment

(1,026,414)

Increase Accumulated surplus

9,384

Statement of Financial Performance

Decrease Depreciation

(38,247)

Increase Losses on disposal of assets or liabilities

1,055,277

Error 2

An investment property was shown as disposed of in 2021, but had been disposed of in 2020. As a result, there is no impact on the closing balance of Investment property, however, in the note, the disposals were reduced and the opening balance reduced. The Loss on disposal of assets or liabilities was reversed and allocated to accumulated surplus.

Statement of Financial Position

Investment property

65,455

Accumulated surplus

(65,455)

Statement of Financial Performance

Losses on disposal of assets or liabilities

-

Error 3

An infrastructure asset had not been unbundled / reduced to its significant components in terms of GRAP 17; this was adjusted and the useful lives per component were reassessed and, as a result, the Depreciation and accumulated depreciation on Property, plant and equipment were adjusted.

Statement of Financial Position

Property, plant and equipment

(1,056,286)

Accumulated surplus

1,115,638

Statement of Financial Performance

Depreciation

(59,352)

Error 4

A long standing and unsubstantiated difference between Consumer Deposits and the register of deposits, possibly a result of errors in historical system changes, was cleared against Accumulated surplus.

Statement of Financial Position

Consumer deposits

(473,244)

Accumulated surplus

473,244

Error 5

During the previous years audit, it was identified that Service charges revenue, specifically the sale of pre-paid electricity was understated.

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56. Prior period errors (continued)

Statement of Financial Position
Receivables from exchange transactions
VAT Receivable
Statement of Financial Performance
Service charges

2,230,410
(290,923)
(1,939,487)
-

Error 6

A payment relating to pre-paid electricity was incorrectly allocated to Unallocated deposits, and, therefore, the related Receivable from Exchange Transactions was overstated.

Statement of Financial Position

Receivables from exchange transactions
Payables from exchange transactions

(321,600)
321,600
-

Error 7

The municipality undertook a significant investigation in to creditors and the adjustments processed in the 2020-21 financial year to creditors were reversed, and recaptured from statements. It was also found that an account from the Department of Water and Sanitation had not been recognised, and this was added, and the difference between the creditors control account and the confirmed balances was cleared.

Statement of Financial Position

VAT receivable
Payables from exchange transactions
Accumulated surplus

(67,878,337)
208,210,104
(138,705,456)

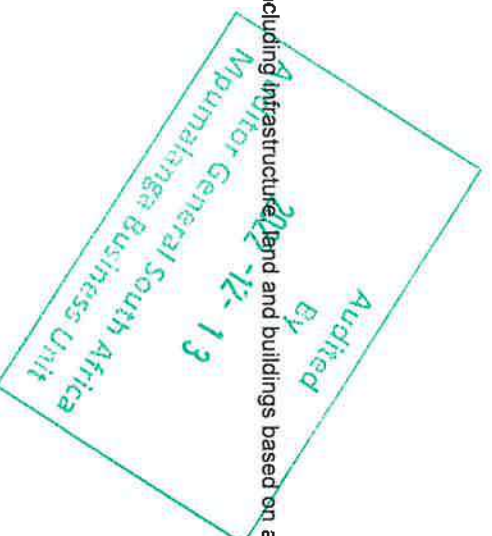
Statement of Financial Performance

Finance costs
Bulk purchases
Contracted services
General expenses

23,918
(304,317)
21,900
(1,367,812)
-

Error 8

Changes were made to various items of PPE, including infrastructure, land and buildings based on a review of new information and verification of the assets.



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2022

2021

56. Prior period errors (continued)

Statement of Financial Position

VAT receivable

20,103,321

Payables from exchange transactions

219,181

Accumulated surplus

(21,264,410)

Statement of Financial Performance

Depreciation and amortisation

990,881

Impairment losses

(48,973)

-

Error 9

Following the correction of trade payables, it was possible to determine the value of VAT receivable in the municipality.

Statement of Financial Position

VAT receivable

(74,021,142)

Accumulated surplus

74,021,142

-

Error 10

A transaction with GSDM was duplicated in error in 2020, and reversed.

Statement of Financial Position

Receivables from exchange transactions

(4,170,329)

Accumulated surplus

4,170,329

-

Audited
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2022

2021

56. Prior period errors (continued) **Error 11**

The petty cash was found to have been overstated.

Statement of Financial Position Cash and cash equivalents Accumulated surplus

(28,041)
28,041

Error 12

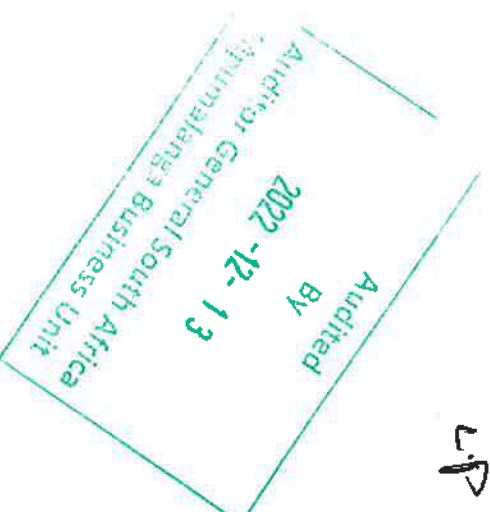
A receivable for prepaid electricity had been carried forward for several years and was not considered to be valid. Therefore Receivables from Exchange Transactions and Accumulated Surplus were overstated by R4 405 615.

Statement of Financial Position Receivables from exchange transactions Accumulated surplus

(4,405,615)
4,405,615

-

LF



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Annual Financial Statements for the year ended 30 June 2022

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2022

2021

57. Segment information

General information

Identification of segments

The municipality has five major segments linked to the primary services offered.

Electricity is a key service department, and, through significant infrastructure holdings, generates economic benefits and service potential to the community.

Water is a key service department, and, through significant infrastructure holdings, generates economic benefits and service potential to the community.

Sewerage is a key service department, and, through significant infrastructure holdings, generates economic benefits and service potential to the community.

The Community and Health department concerned with and generates economic gains and service potential through refuse removal as well as the management of community assets and areas, including libraries, parks and landfill sites. Incidental to its activities, it generates fine revenue.

The Finance vote is administrative, however it generates economic benefits in the form of interest on invested funds, and sundry income from the sale of tender documents, etc. Further, the administration of property rates is co-ordinated by the finance department. The Finance department is responsible for most of the asymmetrical allocations in the segments; expenses and assets are allocated to the segments, but the related payables, VAT and interest expenses are allocated to the Finance department. Inventory is held under the Finance department.

The other segments are administrative in nature and any revenue generated by these is incidental to their operations. Vehicles, road infrastructure assets, and office furniture and equipment make up the majority of Property, plant and equipment not allocated to reportable segments.

The table below is exclusive of interdepartmental billings (which are offset under Expenses in the Statement of Financial performance)..

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Revenue							
Service Revenue	(236,684,562)	(64,285,929)	(48,773,955)	(40,181,691)	-	-	(389,926,137)
Rental Of Facilities And Equipment	-	-	-	(159,924)	-	(2,561,255)	(2,721,179)
Agency Services	-	-	-	(8,000,655)	-	-	(8,000,655)
Other Income	(4,353,978)	(39,902)	-	(6,287,381)	(857,094)	(2,421,170)	(13,959,525)
Interest Income	(5,317,290)	(7,673,551)	(4,983,619)	(4,751,238)	(8,080,612)	2,635	(30,803,675)
Rates	-	-	-	-	(183,825,669)	-	(183,825,669)
Grants	(10,000,000)	(253,434,678)	-	(7,500)	(3,000,000)	(244,661,439)	(511,103,617)
Fines	-	-	-	(4,588,784)	-	(174,408)	(4,763,192)
Total segment revenue	(256,355,830)	(325,434,061)	(53,757,574)	(63,977,173)	(195,763,375)	(249,815,637)	(1,145,103,649)

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Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
57. Segment information (continued)							
Expenditure							
Employee Related Costs	23,510,309	18,129,014	16,024,052	74,648,182	36,790,692	84,969,833	254,072,081
Remuneration Of Councillors	-	-	-	-	-	15,489,401	15,489,401
Repairs And Maintenance	9,397,298	13,184,710	728,939	2,424,012	13,427	3,654,506	29,402,893
Depreciation	17,794,104	26,534,306	21,834,776	9,525,428	809,594	61,143,557	137,641,765
Finance Costs	-	-	-	-	73,202,079	13,797,976	87,000,055
Debt Impairment	15,525,770	25,612,688	20,174,732	23,817,897	33,141,005	2,848,150	121,120,242
Bulk Purchases	321,543,768	70,021,816	-	-	-	-	391,565,585
Contracted Services	5,841,098	-	-	26,524,274	6,126,713	6,639,643	45,131,728
Expenses	(5,704,551)	2,122,246	391,498	7,047,986	17,432,052	27,547,598	48,836,828
Gains/Losses On Disposal of Assets	460,277	5,862,180	2,062,587	8,836,391	-	428,602	17,650,037
Gains/Losses On Inventory	-	-	-	16,195,456	-	-	16,195,456
Impairment	527,744	-	351,475	122,570	-	3,088,251	4,090,039
Actuarial Gain	-	-	-	(5,856,510)	-	-	(5,856,510)
Fair Value Gains	-	-	-	-	(66,567,036)	-	(66,567,036)
Total segment expenditure	388,895,816	161,466,960	61,568,057	163,285,686	100,948,527	219,607,518	1,095,772,564
Total segmental surplus/(deficit)							(49,331,085)
Assets							
Inventory	-	-	-	-	13,003,713	-	13,003,713
Cash And Cash Equivalents	-	-	-	-	9,660,169	-	9,660,169
Receivables From Exchange	47,020,906	45,022,024	21,213,618	19,696,933	13,706,808	-	146,660,289
Receivables From Non-Exchange	-	-	-	1,055,677	58,755,151	-	59,810,828
Vat Receivable	(15,327,611)	(16,940,077)	(12,918,221)	(10,598,452)	171,115,397	131,231	115,462,266
Investment Property	-	-	-	-	180,113,008	-	180,113,008
Property plant and equipment	316,839,635	789,059,615	477,825,119	145,006,871	34,064,241	774,680,833	2,537,476,314
Intangible Assets	-	-	-	-	-	61,915	61,915
Heritage Assets	-	-	-	-	-	174,895	174,895
Total segment assets	348,532,929	817,141,562	486,120,516	155,161,029	480,418,486	775,048,874	3,062,423,397

Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

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57. Segment information (continued)

Liabilities

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Finance Lease	-	-	-	-	(1,179,875)	-	(1,179,875)
Payables From Exchange	-	-	-	8,865,549	(1,578,715,791)	(4,952,457)	(1,574,802,700)
Consumer Deposits	(19,133,784)	-	-	-	(110,052)	-	(19,243,837)
Employee Benefit Obligation	-	-	-	-	(13,858,000)	(59,944,000)	(73,802,000)
Unspent Grants	(2,951,203)	200,578,578	0	-	2,114,680	(201,079,690)	(1,337,635)
Provisions	-	-	-	(73,430,066)	-	(8,502,466)	(81,932,532)
Total segment liabilities	(22,084,987)	200,578,578	-	(64,564,517)	(1,591,749,039)	(274,478,614)	(1,752,298,579)

2021

Revenue

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Service Revenue	(216,115,343)	(73,573,499)	(46,956,651)	(38,971,162)	-	-	(375,616,655)
Rental Of Facilities And Equipment	-	-	-	(141,391)	-	(2,359,692)	(2,501,083)
Agency Services	-	-	-	(9,276,278)	-	-	(9,276,278)
Other Income	(3,277,375)	(41,305)	(728)	(5,161,525)	(859,262)	(2,843,802)	(12,183,997)
Interest Income	(7,504,477)	(10,956,678)	(6,801,125)	(6,408,366)	(10,724,079)	-	(42,394,724)
Rates	-	-	-	-	(127,003,868)	-	(127,003,868)
Grants	-	(134,575,029)	-	-	(3,000,000)	(248,600,856)	(386,175,885)
Fines	-	-	-	(5,768,630)	-	(202,260)	(5,970,890)
Donations	-	(10,000,722)	-	(1,480,000)	-	-	(11,480,722)
Total segment revenue	(226,897,195)	(229,147,233)	(53,758,503)	(67,207,352)	(141,587,209)	(254,006,610)	(972,604,102)

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Msukaligwa Local Municipality

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57. Segment information (continued)

Expenditure

Employee Related Costs	19,821,512	19,218,492	14,940,326	75,436,644	35,935,038	83,895,390	249,247,401
Remuneration Of Councillors	-	-	-	-	-	16,058,209	16,058,209
Repairs And Maintenance	9,577,333	10,284,148	774,207	2,533,032	2,261	3,304,029	26,475,009
Depreciation	17,924,165	25,901,885	15,948,488	10,863,875	541,906	55,571,079	126,751,398
Finance Costs	-	-	-	-	97,246,893	6,148,559	103,395,453
Debt Impairment	10,038,120	14,015,940	12,893,251	17,884,261	(2,129,641)	(2,827,418)	49,874,513
Bulk Purchases	263,315,516	72,293,588	-	-	-	-	335,609,104
Contracted Services	8,276,151	-	-	23,938,648	11,066,887	9,780,831	53,062,516
Expenses	(1,955,218)	1,742,565	293,624	6,301,404	12,676,888	32,043,900	51,103,163
Gains/Losses On Disposal of Assets	27,701	3,220,185	2,683,632	94,065	-	2,310,909	8,336,492
Gains/Losses On Inventory	-	-	-	128,709	-	-	128,709
Impairment	3,102,929	-	1,207,612	1,545,488	-	5,284,463	11,140,491
Actuarial Gain	-	-	-	4,104,602	-	-	4,104,602
Total segment expenditure	330,128,209	146,676,804	48,741,140	142,830,726	155,340,232	211,569,950	1,035,287,060
Total segmental (surplus) /deficit							62,682,956

Assets

Inventory	-	-	-	-	26,063,539	-	26,063,539
Cash And Cash Equivalents	-	-	-	-	7,833,525	-	7,833,525
Receivables From Exchange	38,368,557	39,534,070	17,889,204	17,035,035	12,523,097	-	125,349,963
Receivables From Non-Exchange	-	-	-	1,676,277	40,053,239	-	41,729,516
Vat Receivable	(14,830,596)	(16,207,928)	(12,183,456)	(10,259,039)	150,733,040	119,780	97,371,802
Investment Property	-	-	-	-	114,321,362	-	114,321,362
Property plant and equipment	313,999,221	595,631,673	458,128,129	163,693,069	36,525,941	813,014,225	2,380,992,259
Intangible Assets	-	-	-	-	-	108,044	108,044
Heritage Assets	-	-	-	-	-	192,195	192,195
Total segment assets	337,537,183	618,957,815	463,833,878	172,145,342	388,053,742	813,434,245	2,793,962,205

Audited
By
Auditor General South Africa
Mpumalanga Business Unit
2022-12-13

AUDITOR GENERAL REPORT

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Msukaligwa Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Msukaligwa Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Msukaligwa Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for qualified opinion

Payables from exchange transactions

3. The municipality did not have adequate systems to maintain records of accounts payable for goods and services received but not yet paid for in line with GRAP 104, Financial instruments. This resulted in employee related payables and accruals being overstated by R10,3 million. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as trade payables and unallocated deposit. I could not confirm the payables from exchange transaction by alternative means. The payables from exchange transactions included in the risk management and financial instrument disclosure in note 40 and 41 to the financial statements also included these amounts. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transaction stated at R1,57 billion (2021: R1,36 billion) disclosed in note 14 to the financial statements as well as risk management and financial instruments disclosure.

VAT Receivable

4. I was unable to obtain sufficient appropriate audit evidence for the adjustments made to the VAT receivable due to the status of the accounting records. I was unable to confirm the receivable by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to VAT receivable, stated at R115,46 million (2020-21: R97,37 million), as disclosed in note 11 to the financial statements.

Irregular Expenditure

5. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments made in contravention of the supply chain management (SCM) requirements, which resulted in irregular expenditure being understated by R19,42 million. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure included in the notes to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R359,98 million (2020-21: R285,53 million) in the financial statements

Consumer Debtors – electricity

6. During 2020, the municipality did not always record all amounts of receivables in accordance with GRAP 104, Financial instruments. Amounts billed for electricity sales were not recorded. This and other immaterial misstatements resulted in consumer debtors being understated by R15,39 million. The receivables from exchange transactions included the risk management and financial instrument disclosure in note 40 and 41 to the financial statements were also understated by the same amount. My audit opinion on the financial statements for the period ended 2020 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the receivables for the current period.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
8. 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.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Material losses - Inventory

11. As presented in the statement of financial performance, material inventory losses of R16,2 million (2020-21: R0,1 million) which was due to the write down of inventory due to theft of inventories from the stores.

Material losses – electricity

12. As disclosed in note 53 to the financial statements, material electricity losses of R192,9 million (2020-2021: R144,6 million) was incurred, which represents 60% (2020-2021: 55%) of total electricity purchased. Losses were due to dissipation when electricity flows through the conductors, illegal connections, meter tampering as well unmetered properties.

Material losses – water

13. As disclosed in note 53 to the financial statements, material water losses of R53,3 million (2020-2021: R13,6 million) was incurred, which represents 76% (2020-2021: 68%) of total water purchased. Losses were as a results of an old infrastructure, resulting in the section experiencing water leaks and continuous pipe breakages. The availability of working material in time is an issue, resulting in prolonged reaction times for the sections with breakages. Furthermore insufficient staff, components and working vehicles which affect the reaction time.

Fruitless and wasteful expenditure

14. As disclosed in note 48 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R73,2 million which is as a result of interest and penalties charged by suppliers for non-payments of debt due to them.

Material loss on disposal of assets

15. As disclosed in note 36 to the financial statements, the municipality incurred a material loss on disposal of assets of R18,04 million, this was due to disposal of property, plant and equipment.

Other matter

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

Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act, 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.
19. 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.

Auditor-general's responsibilities for the audit of the financial statements

20. 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.
21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
23. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
24. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2022:

Development Priority	Pages in the annual performance report
Key Performance Area 2 – Basic Services and Infrastructure Development	x – x

25. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
26. The material findings on the usefulness and reliability of the performance information of the selected development priorities are as follows:

Key Performance Area 2 – Basic Services and Infrastructure Development

Indicator: Number of bulk electricity meters installed by 30 June 2022

27. The source information and evidence for achieving the planned indicator was not clearly defined.

Various indicators

28. Measures taken to improve performance did not agree with the evidence provided for the following indicators:

Indicator description	Planned target	Reported achievement
Number of main sub-stations maintained by 30 June 2022	3	2
12000m2 of roads resurfaced by 30 June 2022	12 000m2	10 222,44m2
Number of jobs opportunities created through EPWP by 30 June 202	547	331
Number of bulk electricity meters installed by 30 June 2022	4	0
Number of new households with access to sanitation service by 30 June 2022	99	96

29. The evidence and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievements of the following indicators reported against the targets in the annual performance report:

Indicator description	Planned target	Reported achievement
Percentage of blocked sewer mainlines system opened/ repaired within 24hrs after being reported	95%	98%
Percentage of damaged/burst water pipes repaired within 24hrs after being reported	95%	99.9%

30. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
Number of electricity meters installed by 30 June 2022	525
Number of storm water inlets maintained 30 June 2022	100
Number of jobs opportunities created through EPWP by 30 June 2022	331

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 27 to 30 of this report.

Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 2: Basic services and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

34. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's **compliance** with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

35. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Consequence management

- 37. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 38. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Expenditure management

- 39. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- 40. An adequate management, accounting and information system was not in place which accounted for creditors as required by section 65(2)(b).
- 41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R136,9 million, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.
- 42. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the non-compliance with SCM regulations.

Human resources management

- 43. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

Procurement and contract management

- 44. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.
- 45. Some of the contracts were awarded to bidders based on functionality criteria that differed from those stipulated in the original invitation for bidding, in contravention of 2017 Preferential Procurement Regulation 5(1) & 5(3).
- 46. Invitations to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
- 47. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

48. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Strategic planning and performance management

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

Other information

50. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information 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 in this auditor's report.
51. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
52. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
53. 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

54. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
55. The accounting officer did not exercise effective oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

56. The municipality did not implement effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that their performance was monitored.
57. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
58. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
59. Management at the appropriate level did not ensure that compliance with applicable laws and regulations was adequately reviewed and monitored throughout the year.

Auditor-General

Mbombela

10 December 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. 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 respect to the selected subject matters.

Financial statements

2. 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 by the accounting officer
 - conclude on the appropriateness of the accounting officer's 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 Msukaligwa Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.

VOLUME IV

ANNUAL PERFORMANCE REPORT



Msukaligwa Local Municipality

Annual Performance Report for
2021/2022

1. BACKGROUND

Section 46 of the Local Government Municipal Systems Act, Act 32 of 2000 provides that “a municipality must prepare for each financial year an annual report consisting of:

- (a) a performance report reflecting:-
 - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
 - (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
 - (iii) measures that were or are to be taken to improve performance;
- (b) the financial statements for that financial year prepared in accordance with the standards of generally recognized accounting practice referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (c) an audit report on the financial statements and the report on the audit performed in terms of section 45(b); and
- (d) any other reporting requirements in terms of other applicable legislation”.

Section 121 of the Municipal Finance Management Act, Act 56 of 2003 further provides for every municipality and municipal entities to prepare an annual report for each financial year in accordance with provisions of Chapter 12 of the Act. According to the provisions of Section 121 (2) of the MFMA, the purpose of the Annual Report is:-

- (a) “to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity”.

Therefore, it is against this background that Msukaligwa local municipality has prepared and submits this annual performance report for the 2021/2022 financial year to the MEC for CoGTA, Provincial Treasury and Auditor as prescribed by the said legislations. The performance report of the municipality is based on six Key Performance Areas which are:

- Municipal Transformation and Organizational Development;
- Basic Service Delivery;
- Local Economic Development;
- Financial Viability and Management;
- Good Governance and Public Participation; and
- Spatial Rationale and Planning.

The said KPAs are resident across the Msukaligwa municipality's six departments which are:

- Corporate Services;
- Technical Services;
- Community and Social Services;
- Planning and Economic Development
- Finance; and
- Office of the Municipal Manager.

This report will cover the 2021/2022 financial year starting from the 1st of July 2021 to the 30th of June 2022 and will be focusing on the performance of the municipality as set out in the approved Service Delivery and Budget Implementation Plan for the 2021/2022 financial year.

2. IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM

There is a performance management unit that has been established in the municipality which is currently not fully-fledged as it consists of only two incumbents being the PMS Manager and PMS Officer. However, both a performance management framework, a performance management policy and plan have been approved by the Council to guide all processes of monitoring and reporting of performance. The municipality has managed to comply with most statutory requirements in relation to the implementation of performance management and monitoring of institutional performance. As a basis for organizational planning and performance management, the municipality adopted its five year IDP in May 2022 and the IDP will be annually reviewed in terms of Section 34 of the Municipal Systems Act, 2000. The following processes were undertaken by the municipality to comply with legislative provisions as well as to implementing performance management:

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Preparation and submission of 2020/2021 4 th quarter performance report to Council.	Section 52 of Municipal Finance Management Act, 2003	Report was prepared and submitted to Council on the 31 st of August 2021	None	Complied
Preparation and submission of 2020/2021 Annual performance report to Auditor General.	Section 46 of the Municipal Systems Act, 2000	Annual performance report prepared and submitted to the AG on the 31st of August 2021.	None	Complied
IDP Steering Committee meetings held to discuss the draft IDP review processes	Consultative process in terms of Sec. 28 of the Municipal Systems Act, 2000	3 of the 5 planned Steering committee meetings were held	Most of the items that were to be discussed in the steering committee meetings that were not held, were discussed in general management meetings.	Complied
Preparation and submission of the IDP/Budget/PMS Process Plan to Council for approval.	Sec. 28 (1) and (2) of the Municipal Systems Act, 2000	Process plan approved by Council on the 31st of August 2021.	None	Complied
Publicizing of the IDP/Budget/PMS Process Plan for public information.	Sec. 28 (3) of the Municipal Systems Act, 2000	An advert was prepared and publicized 3rd of September 2021 on Municipal Facebook page and notice boards	None	Complied
Submission of the IDP/Budget/PMS Process Plan to COGTA	Procedure linked to Sec. 28 (3) of the Municipal Systems Act, 2000 for monitoring purposes.	The approved process plan was Submitted on the 6th of September 2021 to COGTA	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Publicizing of the IDP community consultative programme	Sec, 21 and 28 of the Municipal Systems Act, 2000	An advert on dates and venues for consultative meetings was prepared and publicized on the 21st of January 2022 on the local newspaper and official Facebook page.	None	Complied
Conducting IDP public consultation process and reconciling information on community priority issues and preparing a report for management.	Section 16 and 17 of the Municipal Systems Act, 2000	Public consultations conducted on the 27th to 30th of January 2022 on Lekwa FM and physical consultation at 4 rural wards.	Due to COVID-19 restrictions, the consultations were conducted through local radio stations and only 4 rural wards were consulted physically.	Complied
Preparation and submission of 2020/2021 Draft Annual Report.	Circular 63 of the MFMA, Section 46 of the Municipal Systems Act, 2000 and Section 121 of the MFMA	Draft Annual Report was prepared and submitted to the Treasury and AG together with the AFS on the 31st of August 2021 .	None	Complied
Tabling of the 2020/2021 draft Annual Report and invite for public comments as well as submission to the AG, PT and COGTA	Section 127(2) of the Municipal Finance Management Act 2003	Draft Annual Report tabled in Council on the 28th of January 2022 . The draft AR was publicized for public comments on February 16th, 2022 on municipal Facebook and notice boards.	The Draft Annual Report was tabled in February 2021 as a result of the exemption/extension given through Government Notice No. 43582 of 05 August 2020	Complied
Tabling of the 2020/21 Draft IDP in Council	Section 25 of the Municipal Systems Act	The draft IDP was tabled in Council on the 31st of March 2022 . Submitted to MEC for Local Government on the 07th of April 2022 . Publicised for public inspection on the 14th of April	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
		2022 on the Official Facebook page and notice boards		
Tabling of the 2020/2021 Annual Report	Section 121 (1) of the Municipal Finance Management Act 2003	The 2020/2021 Annual Report was tabled in Council on the 31st of March 2022 being the final AR.	None	Complied
Tabling and approval of the final 2022/23 IDP	Section 25 of the Municipal Systems Act	The final IDP was approved by Council on the 30th of May 2022 and publicized for public inspection on the 9th of June 2022 on municipal notice boards and local newspaper dated 17 th of June 2022.	None	Complied

3. FILLING OF VACANT POSITIONS

In order for the municipality to provide services efficiently, it is imperative that all approved critical positions be filled. The municipal Council has approved an organizational structure with an ideal staff complement of **869**. Currently there are **869** approved positions out of which only a total **577** were funded and filled and **292** positions remain vacant as at the of the financial year under review. The following is a summary of filled and vacant positions:

3.1. Section 56 Mangers

Position	No. of approved posts	No. of post filled	No. of vacancies	Comments/Reasons for vacancies
Municipal Manager	1	0	1	MM passed on 6 February 2021
Chief Financial Officer	1	0	1	Resignation on 31 March 2021
Director Technical Services	1	1	0	None
Director Corporate Services	1	1	0	None
Director Community and Social Services	1	1	0	None
Director Planning and Economic Development	1	1	0	None

3.2. Compliance with the Employment Equity Act

In compliance with the Employment Equity Act, 1998, the municipality had appointed two African females at the senior management level (Section 56 manager) occupying the positions of Municipal Manager and Chief Financial Officer (CFO) respectively. The CFO resigned while the Municipal Manager passed away in January 2021 and the positions had since been vacant and temporarily occupied by acting personnel. The municipality will continue to implement its Employment Equity Plan by endeavouring to include targeted groups in various positions across the municipality.

3.3. Women appointments at Section 56 Posts

No. of Sec. 56 posts approved	Women appointed in Sec. 56 posts	No. of vacancies for Women Sec. 56 posts	Comments/Reasons for vacancies
6	0	2	The vacant Senior Management positions have been advertised and to be filled in the ensuing financial year.

4. DEVELOPMENT AND IMPLEMENTATION OF SPECIFIC HR POLICIES

The HR policies have been developed in accordance with the organizational Structure to respond to the needs and interests of the community as contained in the IDP of the municipality reflecting, amongst others things, key aspects of employment equity for equal representation.

Policy	Developed/ Reviewed	Approved	Implemented	Reasons for Non-compliance	Remedial Action
Recruitment and selection policy	Yes	Yes	Yes	None	None
Skills Development Plan	Yes	Yes	Yes	None	None
Employment Equity Plan	Yes	Yes	Yes	None	None
Human Resource Strategy and Plan	Yes	Yes	Yes	None	None
Other HRM & HRD Policies	Yes	Yes	Yes	None	None

5. THE AUDITOR GENERAL REPORT AND FINDING

The municipality received a Qualified Audit Opinion for the 2020/2021 financial. The report of the Auditor General as well as the action plan for the financial year ending June 2021 is attached as **Annexure "B"**. The findings of the AG are being addressed in accordance with the Action Plan although others will take time to address due to prior year errors.

6. FINANCIAL PERFORMANCE OF THE MUNICIPALITY

The average payment rate for the financial year under review was **63%** based on billing of services and property rates and there are also distribution losses of **76%** and **60%** on water and electricity respectively. Therefore, these losses had resulted

in the municipality not being able to pay its creditors within 30 days, especially bulk creditors such as Eskom and the Department of Water and Sanitation.

The deficit or surplus for the financial year under review will be available after conclusion of the 2021/2022 AFS.

6.1. Conditional Grants 2021/2022 – Monetary

	MIG CURRENT	INEP CURRENT	FMG	WSIG	EPWP	RBIG
ALLOCATION	R 55 635 000	R 10 000 000	R 3 000 000	R 40 000 000	R 1 986 000	R 201 080 000
EXPENDITURE	R 55 635 000	R 10 000 000	R 3 000 000	R 40 000 000	R 1 986 000	R 200 578 575
% SPENT	100%	100%	100%	100%	100%	99.7%
UNSPENT	R 0	R 0	R 0	R 0	R 0	R 501 425

TOTAL UNSPENT GRANTS R 501 425

The overall expenditure of the municipality on the allocated Conditional Grants was as at the 30th of June 2022 at 99.95%. The municipality, however had received the RBIG grant which is managed and implemented by the District Municipality. The expenditure on the RBIG grant then brings the overall grant expenditure to 99.7%. All grants implemented by the municipality were spent as per their conditions regardless of the municipality's cash flow challenges.

7. BASIC SERVICES DELIVERY PROGRESS

Below are service delivery progress figures as well as backlogs from 2016 to the end of June 2022.

Services	Total No. of Households Community Survey 2016	Households serviced Community Survey 2016	New developments after Community Survey 2016	Progress as at end of June 2022	Backlog as at end of June 2022	% backlog as at end of June 2022
Water	51,089	46,846	1,794	48,640	2,449	4,8%
Sanitation	51,089	49,794	738	50,532	557	1,1%
Electricity	51,089	44,683	1541	46,224	4,865	9,5%
Refuse Removal	51,089	33,231	4,585	37,816	13,273	26%

The figures for electricity include connections made by Eskom at areas licensed to Eskom.

8. EXTERNAL SERVICE PROVIDERS PERFORMANCE

This section serves to report on the evaluated Service Provider's performance in respect of their contracts and the products that the Service Providers have delivered. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

Scale		Criteria
5	Excellent	Completion of the project before the scheduled time and within budget
4	Good	Completion of project within time frame and budget
3	Average	Completion of project within time frame but outside the allocated budget or vice versa
2	Below Average	Failure to complete the project
1	Unacceptable	Failure to commence with the project

TECHNICAL SERVICES											
No.	Project	Appointed Service Providers	Appointment Date	Contract Period (months)	Start Date	End Date	Progress By 30 June 2022	Reasons For Variations If Any	Rating Score (1-5)	2021/2022 (1-5)	Comments/Corrective action
1.	Refurbishment of KwaZanele WWTW	Aphane Consulting	26-Sep-20	8	22-Mar-21	30-Nov-21	100% Construction	N/A	2	2	Professional service provider well performed well in producing designs and however failed to provide Closeout services including as built drawings which are key for maintenance of the infrastructure.
		Thulatshepo trading and Generals	30-Mar-21						4	4	Multi-year project however the service provider has performed well on refurbishment.
2.	Refurbishment of Breyten Oxidation Ponds	Element Consulting Engineers	19-Oct -20	5	26-Apr-21	30-Jun-22	100% Complete	N/A	2	2	Project management lacking i.e. budget maintenance

3.		Vdan Construction cc	30-Mar-21						4	4	Contractor is performing amidst finalization of scope vs budget.
4.	Construction of Wessels Street	Tirisano Consulting Engineering (PTY) LTD	3-Aug-20	4	03-Mar-21	09-Aug-21	100% Complete	Unforeseen underground conditions (water seepage, existing services relocation)	3	3	Overall good performance
5.		Mopani Civils (PTY) LTD	19-Feb-21						2	2	Overall good performance that is affected by variations required to complete the Works.
6.	Installation Of Water Reticulation In Wesselton Extension 11 Phase 1 & 2	SCIP Engineering	15-Oct-21	3	28-Apr-22	25-Jun-22	100% Complete	N/A	4	4	Completion of project within time frame and budget
		Sovulane Projects JV Phambili Bo Guliwe	30-Mar-22						4	4	
7.	Refurbishment Of Davel Wastewater Treatment Works	E-square Engineering	11-May-20	5	20-May-20	14-Dec-21	100% complete	Reduction in Financial allocation	4	4	Good project management skills
8.	Installation Of Sewer Reticulation at Breyten Ext 4 (Enkanini)	Tirisano Consulting Engineering (PTY) LTD	15-Oct-21	3	14-Apr-22	30-Jun-22	100% construction	N/A	3	3	PSP performed good although the complete supervision as tender was not provided, hence the delay and lack of instructions to SP.
		Vdan Construction cc	30-Mar-22						4	4	SP executed the works well.
9.	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation	Gemini Garden JV Skotane	20-Jul-21	9	20-Jul-21	30-Aug-22	67%	Lack of proper project management, failure to deliver as per Programme of works	3	3	The JV has performed below average due to lack of professionalism.
10.	Upgrading of the Wesselton	2MC Consulting	23-Jun-21	6	14-Mar-22	12-Sep-22	82%	N/A	4	4	

	Extension 3 Boxer intersection	Shwings Construction (Pty) Ltd	03-Mar-22								PSP is showing good engineering and project management skills.
									2	2	SP is lacking resource distribution management, which may lead to failure to complete on schedule.
11.	Rehabilitation of Emadamini Ext 6 Taxi collector	Thoko Consulting	23-Jun-21	6	14-Mar-22	16-Sep-22	92%	N/A	3	3	Project is progressing within time frame and budget
		Ndiza Solutions (Pty) Ltd	03-Mar-22						4	4	
12.	Upgrading of KwaZanele Masizakhe road	Kumelcon	23-Jun-21	6	14-Mar-22	27-Aug-22	64% Construction	Underground services	3	3	Project is progressing within time frame and budget
		Vdan Construction	03-Mar-22						4	4	
13.	Electrification of 350 units at KwaZanele Extension 6	Morula Consulting	23-Jun-21	3	14-Mar-22	TBA	90%	Late procurement of electrical meters delaying testing and commissioning. Poor project management techniques from Consulting Engineer	2	2	Poor project management techniques compromised planned completion of the project.
		Oakantswe Construction & Projects	3-Mar-22						2	2	
14.	Construction of 3.6MVA, Bulk, KwaZanele Sub	Morula Consulting	23-Jun-21	3	14-Mar-22	30-Jun-22	100% Complete	Poor planning of required equipment during testing and commissioning. Poor project management	2	2	Poor project management techniques near compromised planned completion of the project.
			3-Mar-22								

		Kgwebiswano Supplies & Services						techniques from Consulting Engineer.	3	3	
15.	Installation of High mast light	Skotane development Consultants	28-Oct-21	3	06-Dec-21	31-Mar-22	90% Constructi on	Delay in Eskom Power connections	2	2	Non-compliance with timelines of the contract Administration and supervision.
16.	Upgrading of Ermelo Ext 32, 33 & 34	BTMN Engineers	12-Jul-21	14	22-Apr-22	30-Jun-23	21.5% Constructi on	Late appointment of Contractor.	3	3	Project progressing under acceleration. Improved project management techniques will assist towards planned completion.
		Thulatsepo General Trading	30-Mar-22						4	4	
CORPORATE SERVICES											
Service Provider	Project	Appointed Service Providers	Appointm ent Date	Contract Period	Start Date	End Date	Progress By 30 June 2022	Reasons For Variations If Any	Rating Score (1- 5)	2021/2022 (1-5)	Comments/Corrective action
1.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	Sibeko Incorporated Attorneys	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None
2.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	Mohlala Attorneys	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None
3.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	Bekker Brink & Brink	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None
4.	A Panel Of Attorneys To	Z Mhlongo & Khumalo Inc. Attorneys	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None

	Render Legal Services For A Period Of 3 Years											
5.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	TMN Kgomo & Associates	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None	
6.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	Marivate Attorneys Incorporated	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None	
7.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	Madonsela Mthunzi Attorneys,	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None	
8.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	L Guzana Inc.	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None	
9.	A Panel Of Attorneys To Render Legal Services For A Period Of 3 Years	Nkosi Nkosana Incorporated	03 Jun 2019	36 Months	03 Jun 2019	02 Jun 2022	Contract Expired	None	5	5	None	
10.	Integrated Municipal Financial Management And Internal Control System	Business Connexion	10 Feb 2020	60 Months	10 Feb 2020	09 Feb 2025	Ongoing Contract	None	5	5	None	
11.	Panel Of Training Service Providers	Try Easy Electrical Solutions,	01 Feb 2020	36 Months	01 Feb 2020	31 Jan 2023	Ongoing Contract	None	5	5	None	
12.	Panel Of Training Service Providers	Kgolo Business Trust,	01 Feb 2020	36 Months	01 Feb 2020	31 Jan 2023	Ongoing Contract	None	5	5	None	

13.	Panel Of Training Service Providers	Summat Training Institute	01 Feb 2020	36 Months	01 Feb 2020	31 Jan 2023	Ongoing Contract	None	5	5	None
14.	Panel Of Training Service Providers	Matsila Holdings	01 Feb 2020	36 Months	01 Feb 2020	31 Jan 2023	Ongoing Contract	None	5	5	None
15.	Panel Of Training Service Providers	DTM Consulting	01 Feb 2020	36 Months	01 Feb 2020	31 Jan 2023	Ongoing Contract	None	5	5	None
16.	Panel Of Training Service Providers	Avenida Training Agency	01 Feb 2020	36 Months	01 Feb 2020	31 Jan 2023	Ongoing Contract	None	5	5	None
17.	Printing Solution Equipment: Multi-Function Copier, Rental, Maintenance and Consumables	Emalangen Technologies	01 Apr 2020	36 Months	01 Apr 2020	31 Mar 2023	Ongoing Contract	None	5	5	None
18.	Supply, Installation and Maintenance of Hosted VOIP (Telephone) And Contact Centre	Emalangen Technologies	29 Jun 2020	36 Months	29 Jun 2020	28 Jun 2023	Ongoing Contract	None	5	5	None
19.	Supply And Delivery And Maintenance (Configuration) Of A Server	Vuxeni Information Technologies	29 Jun 2020	36 Months	29 Jun 2020	28 Jun 2023	Ongoing Contract	None	5	5	None
20.	Supply And Delivery Of Mobile Communication Services To The State	Vodacom	01 Apr 2021	24 Months	01 Apr 2021	31 Mar 2026	Contract Expired	None	5	5	None
21.	Appointment Of A Service Provider For The Job Evaluation Services	Brian Singh Consulting	07 Jun 2021	3 Months	07 Jun 2021	08 Sep 2021	Contract Expired	None	5	5	None
22.	Appointment Of Microsoft Partner	Altron Karabina	12 Oct 2020	36 Months	12 Oct 2020	11 Oct 2023	Completed	None	5	5	None
23.	Supply And Provision Of Fully Integrated Payroll, Human Capital And Time And	Payday Software System	12 Oct 2020	36 Months	12 Oct 2020	11 Oct 2023	Ongoing Contract	None	5	5	None

	Attendance Software										
24.	Supply, Installation And Maintenance Of A Lan And Wan (LTE Internet Line)	Compusol It Technologies Pty Ltd	15 Apr 2021	36 Months	15 Apr 2021	14 Apr 2024	Completed	None	5	5	None
OFFICE OF THE MUNICIPAL MANAGER											
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2022	Reasons For Variations If Any	Rating Score (1-5)	2021/2022 (1-5)	Comments/Corrective action
25.	Provide PMS system and Support	Innovation Government Software Solutions	09 May 2022	36 Months	09 May 2022	08 May 2025	Ongoing	None	5	5	None
26.	Panel Of Service Providers For The Provision Of Internal Audit Services	MNB Chartered Accountants	14 Oct 2019	36 Months	16 Oct 2019	15 Oct 2022	Ongoing	None	5	5	None
FINANCE DEPARTMENT											
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2022	Reasons For Variations If Any	Rating Score (1-5)	2021/2022 (1-5)	Comments/Corrective action
27.	Compilation of AFS and FAR	BDO	01 July 2021	3 years	01 July 2021	30 June 2023	On going	N/A	4	3	Service provider performed satisfactory. Needs to improve on skills transfer to the Finance Department.
28.	Integrated Municipal Financial Management And Internal Control System	Business Connexion (Financial System)	10 Feb 2020	60 Months	10 Feb 2020	09 Feb 2025	Ongoing Contract	None	3	5	Service provided by the supplier is average. Support provided is costly, the system is not fully integrated, Budget module not functioning as yet. Many essential functions are not activated.

29.	SERVICES FOR THE MULTI UTILITY PREPAID ONLINE VENDING SYSTEM	CIGICEL PTY LTD	16 September 2019	36 Months	16 September 2019	15 September 2022	On going	N/A	5	4	Service provider performed satisfactory. Adequate Prepaid reports submitted in real time.
30.	Provision of Vehicle tracking with fleet management service for 3 years	AFRIRENT	03 June 2019	36 Months	03 June 2019	24 January 2021	On going	N/A	4	3	Service provider performed satisfactory. Tracking and analysis of vehicle movement activities can be accessed.
31.	Provision Insurance Services	KUNENE MAKOPO	01 October 2020	36 months	01 October 2020	30 September 2023	Ongoing	N/A	3	4	Service provider performed satisfactory. Insurance claims are not being processed on time.
32.	Provision of banking Services.	FNB	03 June 2019	60 months	03 June 2019	02 June 2022	On going	N/A	4	4	Services provided by service provider has been satisfactory The only concern is that service provider debits debit orders without the municipalities' authorization.
33.	Compilation and maintenance of the general and supplementary Valuation Roll(for years 2020-2023)	Valuers Africa	01 July 2020	3 years	01 July 2020	30 June 2023	On Going	none	4	4	Service provider performed satisfactory. Compiled appropriate General valuation roll and attended to objections satisfactory, hence the implementation of the valuation roll
34.	Provision of meter reading services	Inzalo utility management Services	15 Dec 2020	3 years	15 Dec 2020	14 Dec 2023	Ongoing	None	3	3	Service provider performed average and provide unsatisfactory performance. Uploading of data below expected performance, module on devices and error codes not corresponding to the actual information.
35.	Supply and delivery of transformers	Payless projects and Security Services	26 Sep 2019	3 years	26 Sep 2019	25 Sep 2022	Ongoing	None	2	2	Sometime do not deliver at all or respond to requests.

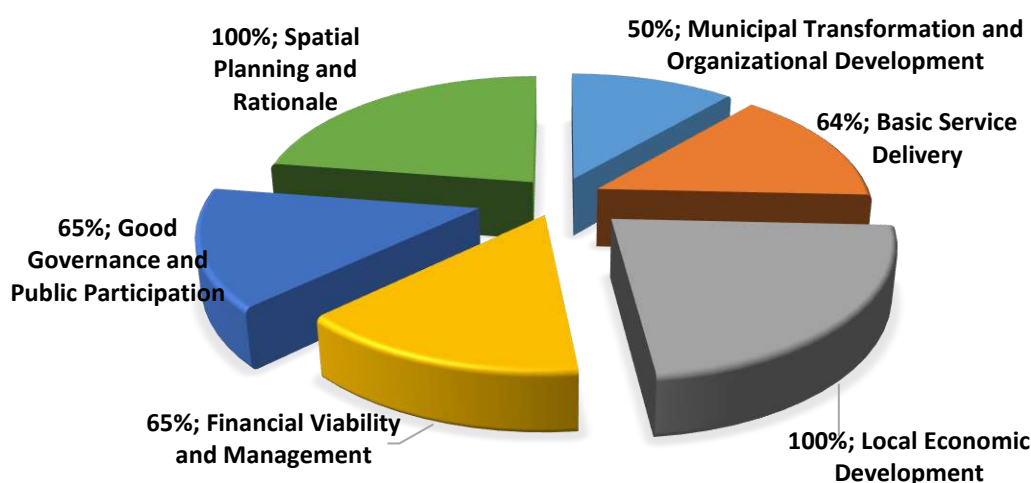
36.	Supply of mini sub station	Sibusisosobuhle	29 Oct 2020	3 years	29 Oct 2020	28 Oct 2023	Ongoing	None	5	5	None
37.	Supply and delivery of underground cables	Boagi Projects	29 Oct 2020	3 years	29 Oct 2020	28 Oct 2023	Ongoing	None	3	3	The service provider is failing to deliver on time.
38.	Supply and delivery of tyre components, batteries and exhaust system.	Hardie Tyres	01 Mar 2021	3 years	01 Mar 2021	28 Feb 2024	Ongoing	None	5	5	None
39.	Provision and supply of maintenance spares, parts and components.	Ermelo Mecca Motor spares	09 May 2022	3 years	09 May 2022	08 May 2025	Ongoing	None	5	5	None
40.	Supply and delivery of PPE and uniform	N G Mavuso Transport Services	09 Sep 2020	3 years	09 Sep 2020	08 Sep 2023	Ongoing	None	4	4	None
41.	Supply and delivery of overhead cables	ARB Electrical	16 Oct 2019	3 years	16 Oct 2019	15 Oct 2022	Ongoing	None	3	3	The service provider is failing to deliver on time.
PLANNING AND ECONOMIC DEVELOPMENT											
42.	Survey and Pegging of Ethembeni informal settlement	Afriplan	4 October 2019	12 Months	04 October 2019	04 October 2020	On going	Project had delays due to lockdown regulations and land ownership dispute	4	4	Service received from consultants was satisfactory.
43.	Proposed township establishment on the Remainder of Portion 17 of the farm Witbank 276 IS	Afriplan	4 October 2019	36 Months	04 October 2019	04 October 2022	On going	Good; the service provider has completed the surveys.	4	4	Service received from consultants is satisfactory at this stage
COMMUNITY AND SOCIAL SERVICES											
44.	Provision of security services	303 Security Services	01 Oct 2021	36 Months	01 Oct 2021	30 Sept 2024	On going	None	4	4	The security company is performing well with regard to rendering services.

9. ANNUAL ORGANIZATIONAL PERFORMANCE REPORT FOR 2020/2021

The municipality has on average achieved **65%** performance across all the six Key Performance Areas with Municipal Transformation and Organizational Development (MTOD) being the lowest at 50% and followed by Basic Services Delivery (BSD) at 64%. This is as result of KPIs not achieved due to delays in recruitment processes, lack of ICT equipment and transition between the new and outgone Council as well as other factors as depicted in the report attached as **Annexure A**. The 64% performance as observed in the Technical Services Department is mostly on the implementation of capital projects consequential to the late appointment of Contractors and delays in the SCM processes. When considering performance per Department, an average achievement for the Institution is also **65%** with Planning & Economic Development and Community and Social Services Departments being the highest at **100%** and **81%** respectively. It should further be noted that the achievements are based on the number of indicators achieved and those that are partially achieved are regarded as not achieved. Below is a summary of the organizational performance:

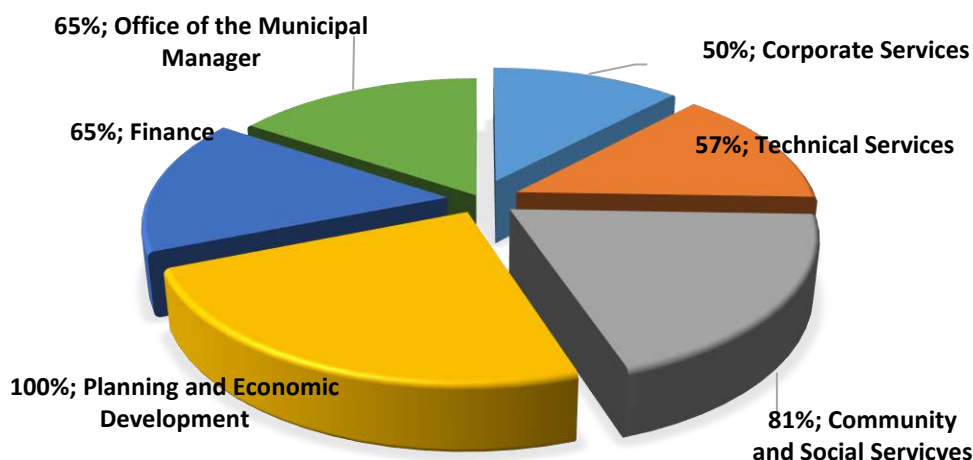
Key Performance Area	% Performance			
	2018/2019	2019/2020	2020/2021	2021/2022
Municipal Transformation Organizational Development	86%	39%	46%	50%
Basic Services Delivery	84%	77%	76%	64%
Local Economic Development	66%	100%	100%	100%
Financial Viability and Management	78%	53%	69%	65%
Good Governance and Public Participation	79%	75%	80%	65%
Cross Cutting Issues/Spatial Planning and Rationale	100%	71%	100%	100%
Average	82%	69%	71%	65%

2021/2022 PERFORMANCE PER KPA



Department	% Performance			
	2018/2019	2019/2020	2020/2021	2021/2022
Corporate Services	86%	39%	46%	50%
Technical Services	79%	73%	79%	57%
Community and Social Services	89%	82%	73%	81%
Planning and Economic Development	89%	78%	100%	100%
Finance	78%	53%	69%	65%
Office of the Municipal Manager	79%	75%	80%	65%
Average	83%	67%	71%	65%

2021/2022 PERFORMANCE PER DEPARTMENT



The table below provides a summary on the performance of indicators per KPA and it should be noted that it is based only on whether the indicator has been achieved or not; meaning that partially achieved indicators are counted as not achieved. This include performance on implementation of capital projects.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
Municipal Transformation & Institutional Development	18	09	09	<ul style="list-style-type: none"> • Interruptions on the recruitment processes as a result of moratorium on recruitment. • Budget cuts and lack of ICT infrastructure. • Municipal website which was down for a long time. • Lack of oversight committees due to the preparations for Local Government Elections. • End of term of office of Ward Committees.
Basic Service Delivery	67	43	24	<ul style="list-style-type: none"> • Inability to appoint EPWP beneficiaries due to late appointment of contractors. • Delays in the appointment of Contractors due to non-compliant tenders received and delayed SCM processes. • Delays in the implementation of capital projects due to late appointment of contractors. • Lack of stores stock material. • Some indicators are demand driven hence the under-performance.
Local Economic Development	02	02	0	<ul style="list-style-type: none"> • None
Financial Viability	17	11	06	<ul style="list-style-type: none"> • Late appointment of a service provider for verification of indigent consumers. • Inability to fully implement the revenue enhancement strategy. • Cash flow challenges due to non-payment • Old debt book and high incidence of non-payment.
Good Governance & Public Participation	20	13	07	<ul style="list-style-type: none"> • Postponement meetings due to other commitments and parallel activities.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
				<ul style="list-style-type: none"> • Delays in the assessments of Senior Managers due to internal challenges and the appointment of Acting Directors. • Late completion of the Risk Assessment delayed Internal Audit Annual Plan. • Draft communication strategy in place and not yet tabled in Council.
Spatial Planning & Rationale	07	07	0	• None
TOTAL	131	85	46	

10. ALIGNMENT OF THE APR, SDBIP AND IDP

It is to be pointed out that the SDBIP has been aligned to the IDP and budget and that the Annual Performance Report has therefore been compiled in accordance with the set targets in the municipal SDBIP.

11. CONCLUSION

When comparing the overall performance per department of 65% for the 2021/2022 financial year with the prior financial years, a significant drop can be observed owing to various challenges the municipality has gone through including the impact of COVID-19 which affected the implementation of some projects and planned activities. Insufficient revenue collection and distribution losses remain the main contributors to under performance in most of the performance areas in the municipality. The municipality is therefore through the implementation of the Council approved Revenue Collection and Revenue Enhancement Strategy working on improving the revenue collection.

Attached as **Annexure "A"**, is a detailed Annual Performance Report for the 2021/2022 financial year.

The municipality continued to procure most needed fleet to improve the turnaround time for call outs and to efficiently address day-to-day service delivery interruption that are caused by the aging of infrastructure.

In as far as Performance Management, we have seen the promulgation of the Municipal Staff Regulation of 2021 in which municipalities must cascade performance management to staff below Senior Managers. The municipality is working implementing the Staff Regulation but due to capacity challenges, implementation will be planned for the ensuing financial year only to middle management level and gradually cascade down as capacity improves. Currently the PMS unit is not yet fully capacitated to fully-fledged performance management unit to be able cascade Performance Management to all levels. The municipality is also engaging with relevant stakeholders to speed up the Job Evaluation process that will allow the municipality to be graded correctly and also implement the TASK grading system. The electronic Performance Management System (ePMS) has been successfully implemented and utilized to monitor and report the institutional performance. Due capacity challenge, the ePMS has been outsourced.

Signed:



M. Kunene
Municipal Manager

16/02/2023
Date

2021/2022 ANNUAL PERFORMANCE REPORT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

CORPORATE SERVICES DEPARTMENT													
STRATEGIC OBJECTIVE: TO BUILD A CAPABLE WORKFORCE TO DELIVER SERVICES													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Vacancy Management													
1.	To enhance the institutional capacity to achieve the constitutional mandate of the institution	Number of funded vacancies filled by 30 June 2022	30 funded vacancies filled	66	13	20	9	1	43	Not Achieved	There were interruptions in the recruitment processes due to moratoriums and delays during the period.	The funded positions will be filled in the first quarter new financial year.	- Appointment letters - Listing of appointments
Functional Area: Human Resource Management and Development													
2.	To ensure employees wellness in adherence to the OHS Act	Number of employees wellness campaigns held by 30 June 2022	3 Employee-wellness campaigns held	2	N/A	1	N/A	1	2	Achieved	None	None	- Attendance registers
3.	To ensure capacity building to Councillors in terms of WSP	Number of Councillors trained as per the Workplace Skills Plan (WSP) by 30 June 2022	7 Councillors trained	38	N/A	36	N/A	N/A	36	Not Achieved	New Cllrs that were sworn in underwent induction training. Others did not attend the induction because they are returning Cllrs.	That all Cllrs must attend even the returning one.	- Attendance registers and Certification where applicable

Annexure A

4.	To ensure capacity building to employees in terms of WSP	Number of employees trained as per the Workplace Skills Plan (WSP) by June 2022	51 Employees trained	50	8	11	37	9	65	Achieved	The reason for over -achievement is that training for OHS has to be done for the compliance with the Department Labour in terms of the Safety of employees.	None	- WSP Report
Functional Area: Labour Relations													
5.	To ensure consultation with labour in decision making	Number of Local Labour Forum meetings held by 30 June 2022	5 LLF meeting held	4	1	0	1	3	5	Achieved	The reason for over - achievement meeting were convene to discuss urgent matters.	None	- Minutes and Attendance Registers
Functional Area: Information and Communication Technology (ICT)													
6.	To ensure uninterrupted communication within and outside the institution	Number of ICT hardware equipment upgraded by June 2022	No ICT hardware equipment upgraded	1	N/A	N/A	N/A	3	3	Achieved	The overachievement was as a result of the emergency repairs that had to be undertaken	None	- Delivery Note / Invoice
7.	To ensure safe keeping of electronic information and availability for future retrieval	Number of external back-ups conducted by June 2022	1 external back-ups conducted	2	0	0	0	0	0	Not Achieved	None availability of ICT infrastructure to perform external backups	New backup storage must be procured by the Municipality and currently there are no funds for procurement of ICT hardware.	- Electronic System generated reports

Annexure A

8.	To ensure the municipal website is regularly updated	Number of Sec 75 monthly website updates conducted by June 2022	12 S75 monthly website updates conducted	12	2	0	0	2	4	Not Achieved	The Municipal website was down for some time due of non-availability of a firewall as a result we are unable to retrieve reports from the website.	The firewall has been procured and the website is working.	- System generated report for website updates indicating the date of update
9.	To ensure smooth operations of all ICT systems and activities	Number of ICT Steering Committee meetings held by June 2022	4 ICT Steering Committee meetings held	4	1	1	0	1	3	Not Achieved	Members having competing meetings to attend the ICT Steering Committee Meeting.	Members to attend the meeting as required on a quarterly basis.	- Minutes and attendance registers of the ICT Steering Committee
Functional Area: Policies and Standard Operating Procedures													
10.	To ensure that necessary institutional policies are place and reviewed as prescribed by legislation	Number of policies reviewed/approved by June 2022	15 Policies	15	N/A	N/A	N/A	31	31	Achieved	It was necessary to develop further policies that would ensure that the municipality is aligned to the new Municipal Staff Regulations that would come into operation on 01 July 2022	None	- Approved Policies and Council Resolutions
11.	To ensure that the institution's Organizational structure is reviewed annually in line with the organizational mandate	Number of municipal-wide Organisational structures reviewed and approved by the Council by 31 May 2022	1 Organizational structure approved by the Council	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Approved Organizational Structure and Council Resolution
Functional Area: Governance and Public Participation													

Annexure A

12.	To provide an oversight role of the actual performance of the municipal council	Number of section 79 oversight reports submitted to and adopted by the Council by 30 June 2022	24 section 79 oversight reports submitted	15	N/A	0	3	0	3	Not Achieved	There were no oversight reports due to the preparations for the LGE and no oversight committees appointed as yet after the elections.	The Oversight Reports will table in the next financial year.	<ul style="list-style-type: none"> - Oversight reports - Council Resolution
13.	To ensure oversight and recommendations to Council on the Annual Report	Municipal Public Accounts Committee oversight reports on Annual Report tabled in Council by 31 March 2022	1 MPAC Report tabled in Council and approved	1	N/A	N/A	1	N/A	1	Achieved	None	None	<ul style="list-style-type: none"> - MPAC report - Council Resolution
14.	To ensure public participation in the affairs of the municipality	Number of functional ward committee meetings held by 30 June 2022	161 ward committee meetings held	228	57	14	57	37	165	Not Achieved	The reason for non - achievement for November and December the term of office for the ward committees has ended. Establishment of ward committees had to be convene.	As soon as the new appointments of the Ward Committee is done, Ward Committee will sit as per their schedule.	<ul style="list-style-type: none"> - Minutes and attendance registers
15.	To ensure communication to public on the state of affairs of the municipality	Annual Mayoral State of the Municipal Address held by 31 May 2022	1 SOMA	1	N/A	N/A	N/A	1	1	Achieved	None	None	<ul style="list-style-type: none"> - Adverts and SOMA brief

Functional Area: Leadership and Strategic Direction

18.	To strengthen corporate governance and accountability	Number of section 80 committee meetings held by 30 June 2022	44 section 80 committee meetings held	45	11	2	5	4	22	Not Achieved	Section 80 committees did not sit due to the preparations for the LGE and no Section 80 committees appointed as yet after the elections.	Section 80 Committees that did not sit in the third quarter will sit as per the schedule in the next quarter.	- Minutes and Attendance Registers of the sitting of Sec. 80 committees
19.	To provide executive and legislative authority over the matters of the institution as provided for by the Constitution.	Number of Council meetings held by 30 June 2022	13 Council meetings held	4	6	4	3	5	18	Achieved	The reason for overachievements is that Special Council sittings were convened to deal with urgent compliance issues and statutory reports that needed urgent Council meeting to sit.	None	- Attendance Register and listing of meetings
20.	To ensure that resolutions taken by Council are implemented	Percentage of Council resolutions implemented by 30 June 2022	85% of Council resolutions implemented	100%	89%	92%	100%	91%	93%	Not Achieved	The implementation is dependent on other stakeholders to implement. One resolution awaiting the outcome of the forensic.	The resolutions that is not addressed will be address in the next quarter.	- Listing Council Resolutions - Resolutions implementation Report

KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

TECHNICAL SERVICES DEPARTMENT													
STRATEGIC OBJECTIVE: TO PROVIDE SUSTAINABLE AND RELIABLE SERVICES TO COMMUNITIES													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Electricity													
26.	To ensure that power supply to all consumers is metered	Number of electricity meters installed by 30 June 2022	457 meters installed	500	N/A	257	N/A	268	525	Achieved	Target is demand driven	None	- Meter installations listing and Job cards
27.	To ensure that performance of electricity meters is monitored or audited	Number of electricity meters audit reports compiled by 30 June 2022	2 audits conducted	2	N/A	1	N/A	1	2	Achieved	None	None	- Meters audit Report
28.	To ensure that bulk electricity distribution is correctly measured and accounted for.	Number of bulk electricity meters installed by 30 June 2022	2 bulk electricity meters audit conducted	4	0	0	0	0	0	Not Achieved	POE does not relate to the installation of bulk meters	Relevant POE must be attached.	- Meter performance report for 88kV and 11kV
29.	To ensure uninterrupted power supply to consumers	Number of main sub-stations maintained by 30 June 2022	1 main sub-stations maintained	3	N/A	N/A	N/A	2	2	Not Achieved	Incorrect target captured.	Revise target to 2.	- Maintenance report
30.	To ensure regular maintenance of power	Number of Kiosks and transformers maintained by 30 June 2022	59 kiosks secured	100	N/A	0	N/A	0	0	Not Achieved	Budgetary limitation due to unfunded adjustment budget	Ensure provision for funded and budgeted budget	- Maintenance report with listing

Annexure A

	supply facilities												
31.	To provide public lighting to residents List under project	Number of high mast lights installed by 30 June 2022	05 high mast lights installed	3	N/A	N/A	N/A	0	0	Not Achieved	Eskom Connections delayed	Budget deferred to 2022/23 FY	- Progress Reports - Practical completions certificate
32.	To ensure regular maintenance of power supply facilities	Number of mini-sub maintained by 30 June 2022	No miniature substations maintained	40	N/A	0	N/A	0	0	Not Achieved	Budgetary limitation due to unfunded adjustment budget	Ensure provision for funded and budgeted budget	- Maintenance report with listing
Functional Area: Water and Sanitation													
33.	To provide hygienic sanitation services to all households	Number of new households with access to sanitation service by 30 June 2022	501 provided with sanitation	99	N/A	N/A	N/A	96	96	Not Achieved	3 Households could not be connected due to existing faulty sewer pipeline.	The Municipality is to re-align levels of the outfall sewer pipeline and connects the 3 households.	- Progress Reports - Practical completions certificate
34.	To ensure sewer blockages and spillages are attended to timeously when reported	Percentage of blocked sewer mainlines system opened/ repaired within 24hrs after being reported	98.65% sewer main lines repaired within 24hrs	95%	100%	98%	100%	98%	98%	Achieved	Target achieved, demand driven.	None	- Maintenance report - Job Cards
35.	To provide potable water services to all households	Number of new households with access to water service by 30 June 2022	0 provided with water	89	N/A	N/A	N/A	89	89	Achieved	None	None	- Progress Reports - Practical completions certificate

Annexure A

36.	To ensure continuous supply and reduction of water losses	Percentage of damaged / burst water pipes repaired within 24hrs after being reported	98.65% pipes repaired within 24hrs	95%	100%	100%	99.7%	100%	99.9%	Achieved	Target achieved due to demand	None	- Meters audit Report - Job Cards
37.	To ensure that functioning of water meters is monitored or audited	Number of quarterly water meters audit reports compiled by 30 June 2022	2 audits conducted	4	0	1	1	1	3	Not Achieved	Target could not be achieved in the first quarter.	None	- Meter audit Report
38.	To ensure that all consumers are metered for water consumption	Number of water meters installed by 30 June 2022	585 water meters installed	1000	109	111	83	0	303	Not Achieved	Target not achieved due to demand and unavailability of stock	Procure sufficient stock to be used and follow up with supply chain management	- Job Cards
39.	To ensure water quality compliance	Number of quarterly water quality compliance reports prepared by 30 June 2022	95% compliance in determinant as per drinking water quality standards	4	1	1	1	1	4	Achieved	None	None	- Progress report - Practical Completion certificate
40.	To ensure optimum performance of the water and sewer treatment plants	Number of quarterly plant performance reports prepared by 30 June 2022	12 reports compiled per annum	4	1	1	1	1	4	Achieved	None	None	- Quarterly plant performance reports
41.	To provide potable water in rural areas	Number of quarterly borehole	0 report provided	4	1	1	1	1	4	Achieved	None	None	- Quarterly borehole

		maintenance report prepared											maintenance report
Functional Area: Roads and Storm Water													
42.	To ensure improved standard of municipal roads	Kilometres of roads/streets upgraded to asphalt or paved by 30 June 2022	2.775 km upgrade to paved roads	2.34	0.72	N/A	N/A	0	0.72	Not Achieved	Delay on implementation of projects have deviated the planned performance	Acceleration and Procurement plans have been submitted to close monitor fast tracking of progress on the affected projects	- Progress Reports - Practical completions certificate
43.	To ensure well maintained roads	12000m ² of roads resurfaced by 30 June 2022	23319.34 re-surfaced	12 000 m ²	4569.61	1254.51	2271.5	2126.79	10222.44	Not Achieved	Unavailability of materials due to delays in supply chain management processes.	Follow up with supply chain to speed up the process	- Monthly reports
44.	To ensure well maintained roads	Kilometres of gravel roads maintained by 30 June 2022	144.35 km re-gravelled and graded	20 km	73.31	28.91	82.75	0.5	185.5	Achieved	Target Achieved, reason for over achievement is that, Msukaligwa Local Municipality was assisted with fleet for the whole Month of March 2022 (4 Graders, 2 Tipper Trucks, 2 Water carts, 1 TLB, 1 Roller compactor and 1 Lowbed truck.	None	- Listing of roads re-gravelled and their lengths
45.	To ensure proper	Number of storm water inlets	115 inlets maintained	60	19	22	19	40	100	Achieved	Target achieved due to availability	None	- Monthly reports

	channelling of storm water	maintained 30 June 2022									of additional personnel.		
Functional Area: Job creation and SMME Development													
46.	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Municipal Infrastructure Grant (MIG) spent by 30 June 2022	100% Spent on MIG	100%	21%	44%	49%	100%	100%	Achieved	None	None	- MIG Expenditure Report, - Payment certificates
47.	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Water Services Infrastructure Grant (WSIG) spent by 30 June 2022	100% Spent on WSIG	100%	16%	32%	45%	100%	100%	Achieved	None	None	- WSIG Expenditure Report, - Payment certificates
48.	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Integrated National Electrification Programme (INEP) spent by 30 June 2022	100% Spent on INEP	100%	4%	6%	10%	100%	100%	Achieved	None	None	- INEP Expenditure Report, - Payment certificates
49.	To ensure that job opportunities are created in terms of the EPWP guidelines	Number of jobs opportunities created through EPWP by 30 June 2022	365 jobs Created	547	79	96	92	64	331	Not Achieved	Delayed appointment of contractors resulted in the late appointment of EPWP personnel	The Municipality will make sure the contractors adhere to the specified number of EPWP personnel to be employed on the respective projects.	- EPWP Report - Listing of staff

KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

COMMUNITY & SOCIAL SERVICES DEPARTMENT													
STRATEGIC OBJECTIVE: TO PROVIDE SUSTAINABLE AND RELIABLE SERVICES TO COMMUNITIES													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Solid Waste Disposal and Environmental Management													
52.	To ensure that households are provided with at least minimum solid waste removal services	Number of New Households with access to waste collection by June 2022	1628 households provided with waste collection	830	328	335	309	281	1253	Achieved	The indicator is demand driven hence there are more households who are registered and receive the service.	None	- List of new households that received the services
53.	To ensure that illegal waste dumping spots are identified and cleaned	Number of illegal dumping spots identified & cleansed per quarter	49 illegal dumping spots identified & cleaned	20	6	10	14	6	36	Achieved	The yellow fleet did not breakdown for the duration of the clean-up	None	- Clean up Registers
54.	To promote awareness and encourage communities to minimize waste	Number of Waste Minimization projects supported by 30 June 2022	6 projects supported	6	N/A	4	2	20	26	Achieved	Support received from DEEF	None	- Attendance registers
55.	To ensure that all waste disposal site are maintained regularly in	Number of waste disposal sites maintained on	2 waste disposal sites maintained	2	2	2	2	2	2	Achieved	None	None	- Land fill sites maintenance reports

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	accordance with NEMA	a monthly basis											
56.	To ensure that all waste disposal site are maintained regularly in accordance with NEMA	Number of waste transfer stations maintained per quarter	3 waste transfer stations maintained	3	3	3	3	3	3	Achieved	None	None	- Waste transfer stations maintenance reports
57.	To ensure compliance to waste management licensing requirement	Number of waste quantity reports submitted to SAWIC on a monthly basis	12 reports submitted to SAWIC	12	3	3	3	3	12	Achieved	None	None	- SAWIC Report
58.	To promote awareness on waste management to communities	Number of Waste Management educational campaigns held by 30 June 2022	14 Waste Management educational campaigns held	13	N/A	5	2	5	12	Not Achieved	Incapacity of the designated officer seconded by the Dept. of Environmental Affairs, Forestry and Fisheries due to sickness.	The campaigns will be conducted in following financial year due other commitments and time.	- Attendance Registers
Functional Area: Social and Community Development													
59.	To promote the culture reading and learning for learners at schools	Number of library events rolled out by 30 June 2022	0 library events held	2	N/A	N/A	1	1	2	Achieved	None	None	- Attendance Registers - Reports and photos
60.	To ensure that sports facilities are maintained regularly	Number of sports facilities maintained by 30 June 2022	12 sports facilities maintained	12	3	3	3	3	12	Achieved	None	None	- Sports fields maintenance register
61.	To ensure that municipal parks are	Number of parks	27 parks maintained	27	27	27	27	27	27	Achieved	None	None	- Register on parks maintained

	maintained regularly	maintained by 30 June 2022											
Functional Area: Sustainable Human Settlement													
62.	To ensure that municipal cemeteries are maintained regularly	Number of cemeteries maintained by 30 June 2022	14 cemeteries maintained	14	14	14	14	14	14	Achieved	None	None	- Register on cemeteries maintained
Functional Area: Fire and Emergency Services													
63.	To ensure that fire and emergency incidents are attended to within the prescribed timeframe	Percentage of fire and emergency incidents attended within the pre-determined timeframe in accordance with SANS 10090 by 30 June 2022	78% of fire and emergency incidents attended	78%	78%	78%	83%	92%	83%	Achieved	The calls were 25km within the relevant fire stations	None	- Fire incident response report
64.	To ensure that fire inspections are conducted in buildings as prescribe by law	Number of fire safety inspections conducted by 30 June 2022	811 fire safety inspections conducted	700	91	238	202	133	664	Not Achieved	Demand driven	None	- Fire Safety Inspections report
65.	To ensure that scholars and communities are educated of the dangers and prevention of fires	Number of fire awareness campaigns conducted (PIER) by 30 June 2022	19 Fire awareness conducted	20	8	6	10	18	42	Achieved	Demand driven	None	- Awareness campaign forms and Listing
Functional Area: Disaster Management													

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66.	To ensure that scholars and communities are educated on disasters and preventions thereof	Number of disaster awareness campaigns conducted by 30 June 2022	10 disaster awareness campaigns conducted	12	4	4	2	3	13	Achieved	Awareness Campaigns are conducted seasonally	None	- Awareness campaign forms and Listing
67.	To ensure that all disaster incidents are attended to within the prescribed timeframe	Percentage of disaster incidents attended within 24 hours	100% disaster incidents attended timeously	100%	100%	100%	100%	100%	100%	Achieved	None	None	- Disaster assessment forms and listing
Functional Area: Traffic Services and Law Enforcement													
68.	To ensure that scholars are educated on road safety and accidents prevention measures	Number of road-safety awareness campaigns conducted at schools by 30 June 2022	0 road-safety awareness campaigns conducted at schools	9	N/A	0	3	4	7	Not Achieved	Due to COVID-19 schools did not allow any visitations	In future we will stick to the planned target	- Awareness campaign forms and Listing
69.	To ensure motorists compliance to road safety rules and regulations	Number of road-blocks conducted by 30 June 2022	20 road-blocks conducted	12	6	6	3	3	18	Achieved	Overachieved due to Special Operations and Festive Season	None	- Invitation letters - Signed proof of the activities conducted
Functional Area: Licensing and Regulatory Services													
70.	To ensure competent learner drivers are issued learner drivers licence	Number of learner driver license applications received and processed by 30 June 2022	2252 learner driver license applications received	2400	593	427	670	606	2106	Not Achieved	The KPI is Demand driven and less applications were received	None	- RD 323 Natis Report

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			and processed										
71.	To ensure competent drivers are issued drivers licence	Number of driver license applications received and processed by 30 June 2022	3767 driver license applications received and processed	2000	1089	863	1075	906	3575	Achieved	The KPI Demand driven and more applications were received	None	- RD 323 Natis Report
72.	To ensure that roadworthy vehicles are issued roadworthy certificates	Number of Vehicle road worthiness tests applications received and processed by 30 June 2022	715 Vehicle road worthiness tests applications received and processed	400	297	238	278	273	1086	Achieved	The service is demand driven	None	- RD 323 Natis Report

KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT													
STRATEGIC OBJECTIVE: TO COORDINATE EFFORTS TO ADDRESS UNEMPLOYMENT AND POVERTY													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Economic Development													
73.	To ensure businesses adhere to their social responsibility plans	Number of monthly Sector Labour Plans meetings held by 30 June 2022	21 Sector Labour Plans meetings held	20	5	5	5	5	20	Achieved	None.	None.	- Invitations, minutes and attendance registers
74.	To ensure SMMEs are supported to participate in the economy	Number of Local SMMEs and Cooperatives supported by 30 June 2022	24 SMMEs and Cooperatives supported	20	5	5	5	6	21	Achieved	The number was driven by implementation of Economic Recovery Plan.	None.	- Minutes and attendance registers

KEY PERFORMANCE AREA 4: FINANCIAL VIABILITY AND MANAGEMENT

FINANCIAL SERVICES DEPARTMENT													
KEY PERFORMANCE AREA: TO IMPROVE THE VIABILITY AND MANAGEMENT OF MUNICIPAL FINANCES													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Revenue Management and Credit Control													
75.	To ensure indigent consumers are registered and receive Free Basic Services	Number of indigent households receiving Free Basic Electricity (FBE) by 30 June 2022	2157 households received FBE	8000	6757	6754	6703	6698	6703	Not Achieved	Due to not having a Service Provider to do the verification of the applicant income (screening)	The appointment of a Service Provider be done as a matter of urgency.	- Accumulated Indigent subsidies report
76.	To ensure necessary strategies are implemented to collect revenue	Percentage increase in revenue collected for the financial year ending 30 June 2022	130% in revenue collected	85%	68%	82%	72%	73%	73%	Not Achieved	Due to non-payment of accounts and high escalation of illegal connections	Strict implementation and monitoring of Revenue Enhancement Strategy	- Billing report(age analysis)
77.	To reduce the number of days taken to collect revenue from consumers	Reduction on average debtors collection days by 30 June 2022	425 collection days	30	403	405	375	388	404	Not Achieved	Due to old debt book and high incident of non-payment.	Strict implementation and monitoring of Revenue Enhancement Strategy.	- Debtors age analysis - C4 schedule (Monthly budget schedule) - Audited AFS

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78.	To ensure compliance to the Municipal Property Rates Act	Percentage of compliance to MPRA implementation processes for the year ending June 2022	100% compliance	100%	100%	100%	100%	100%	100%	Achieved	None	None	- Valuation roll and Supplement ary valuations and Reconciliatio ns
Functional Area: Expenditure Management													
79.	To ensure creditors are paid within 30 days of invoicing as prescribed by legislation	Reduction in average creditors payment days by 30 June 2022	6754 days	30	332	651	1320.4 4	1344	1344	Not Achieved	Inability to generate enough money to pay creditors on time	Revenue enhancement measures to be implemented.	- Creditor's payment average list - Payment Vouchers
Functional Area: Asset Management													
80.	To ensure that all assets are accounted for	Number of Fixed Asset Register (FAR) updates by the 30 June 2022	2 FAR updates conducted	2	N/A	1	N/A	1	2	Achieved	None	None	- Assets Register
Functional Area: Supply Chain Management													
81.	To ensure that all bids are awarded within 90 days from date of advert	Percentage of bids awarded within 90 days	100% bids awarded within 90 days	100%	98%	100%	100%	100%	100%	Achieved	None	None	- Tender Register / listing - Appointment letters
82.	To ensure that SLA's are signed within 10 days of	Percentage of Service Level Agreements (SLA's)	50% SLA's finalized within 10 days	100%	50%	50%	50%	50%	50%	Not Achieved	In progress to be finalised	The SLA's be signed by the supplier	- SLA's Listing / Register

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	appointing a service provider	finalised within 10 days											- Signed Service Level Agreements
83.	To ensure that goods are procured within 60 days of submission of a requisition	Number of days taken to procure goods and services by 30 June 2022	30 days	60	30	30	30	30	30	Not Achieved	POE's attached incomplete and presented in various formats.	Providing complete POE's and in a standard format	- Procurement requisition register - Payment vouchers
Functional Area: Financial Reporting and Budgeting													
84.	To ensure that the revised, draft and final budgets are approved by Council within the prescribed timeframes by the MFMA	Number of budgets approved by 31 May 2022	2 budgets approved	3	N/A	N/A	2	1	3	Achieved	None	None	- Budget report - Council Resolutions
85.	To ensure that the AFS are completed and submitted to all relevant stakeholders as prescribed by the MFMA	Number of Annual Financial Statements compiled and submitted to relevant stakeholders by 31 August 2022.	1 AFS submitted to relevant stakeholders	1	1	N/A	N/A	N/A	1	Achieved	None	None	- AFS - Submission letters - Proof of submission
86.	To ensure compliance to Section 71 of the MFMA	Number of section 71 reports submitted to the Mayor and	12 section 71 monthly reports submitted	12	3	3	3	3	12	Achieved	None	None	- Sec 80 Reports - Council resolution

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		PT within 10 days after each month end											
87.	To ensure compliance to Section 52 of the MFMA	Number of section 52 reports submitted to Council within 30 days after the end of each quarter	4 section 52 reports submitted	4	1	1	1	1	4	Achieved	None	None	<ul style="list-style-type: none"> - Sec 80 Reports - Council resolution
88.	To ensure compliance to Section 72 of the MFMA	Number of Section 72 Reports submitted to the Mayor, NT and PT by 25 th of January 2022	1 Section 72 Report submitted	1	N/A	N/A	1	N/A	1	Achieved	None	None	<ul style="list-style-type: none"> - Signed Report - Proof of submission
89.	To monitor unauthorised expenditure number of budget vs. actual monthly reports	Number of budget vs. actual monthly reports after the end of each quarter	New indicator	12	3	3	3	3	12	Achieved	None	None	<ul style="list-style-type: none"> - Budget / Actual variant Report
90.	To ensure compliance to Section 11 of the MFMA	Number of section 11 quarterly reports submitted to Council, PT and AG within 30 days after	4 section 11 quarterly reports submitted	4	1	1	1	1	4	Achieved	None	None	<ul style="list-style-type: none"> - Sec 80 Reports - Council resolution

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		the end of each quarter											
91.	To ensure compliance to Section 32 of the MFMA	Number of Section 32 quarterly reports submitted to Council, PT and AG within 30 days after the end of each quarter	4 Section 32 quarterly reports submitted	4	1	1	1	1	4	Achieved	None	None	- Proof of submission to AG, PT and COGTA

KEY PERFORMANCE AREA 5: PUBLIC PARTICIPATION, GOOD GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

OFFICE OF THE MUNICIPAL MANAGER													
STRATEGIC OBJECTIVE: TO STRENGTHEN PUBLIC PARTICIPATION, CORPORATE GOVERNANCE AND ACCOUNTABILITY													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Legal, Compliance and Public Participation													
92.	To ensure compliance to Section 29 of the Municipal Systems Act, 2000	Number of IDP and Budget process plans approved by 30 August 2021	1 IDP/Budget process plans approved	1	1	N/A	N/A	N/A	1	Achieved	None	None	<ul style="list-style-type: none"> - Approved Process plan. - Process Plan Resolution. - Public notice of the Process Plan - Submission Letter.
93.	To ensure that the Draft and Final IDPs are compiled and approved by Council in terms of Section 30, 31 and 32 of the Municipal Systems Act, 2000	Number of Council Approved IDPs by 31 May 2022 and submitted to the MEC within 10 days after approval and publicised for public information within 14 days thereafter	2 IDPs approved by the Council. (Draft and Final IDP)	2	N/A	N/A	1	1	2	Achieved	None	None	<ul style="list-style-type: none"> - Public notice for IDP consultations. - Draft IDP. - Council Resolution for Draft IDP. - Public Notice inviting comments on the IDP.

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													<ul style="list-style-type: none"> - Submission letter for Draft IDP. - Final Approved IDP. - Council Resolution for final IDP. - Submission letter for final IDP - Public notice for approved IDP
94.	To ensure that communities are consulted during the drafting of the IDP as provided for By MSA	Number of IDP ward consultative meetings held by 31 October 2021	19 ward consultative meetings held	19	0	0	19	N/A	19	Achieved	Consultations were held in January 2022 due to clashing activities with the political processes in September and October 2021.	None	<ul style="list-style-type: none"> - Public notice for IDP consultations - Attendance Registers
95.	To ensure that communities are consulted during the drafting of the Budget as provided for by Chapter 4 of the MSA and Sec. 22 of the MFMA	Number of Budget/IDP consultative meetings held by 30 April 2022	19 Budget/IDP consultative meetings held	19	N/A	N/A	N/A	19	19	Achieved	None	none	<ul style="list-style-type: none"> - Public notice for Budget consultations - Attendance Registers
96.	To ensure that all relevant stakeholders are consulted	Number of quarterly IDP representative	3 IDP representative forums held	4	0	0	1	1	2	Not Achieved	IDP Rep forum meetings were postponed due other	The sittings will be back to normal in the	<ul style="list-style-type: none"> - Public notice for IDP Rep Forums. - Invitations

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	on the planning and implementation	forums held by 30 June 2022									commitments in Political Office Bearers Office	next financial year.	- Attendance Registers
Functional Area: Performance Management, Monitoring and Evaluation													
97.	To ensure that all Directors sign their Performance Agreements at the beginning of the financial year	Number of performance agreements signed by 30 July 2021	6 performance agreements signed	6	6	N/A	N/A	N/A	6	Achieved	None	None	- Signed performance agreements of senior managers
98.	To ensure that all Directors' performance are assessed in terms of the Performance Regulations	Number of performance evaluations conducted 30 June 2022	0 performance evaluations conducted	4	0	0	0	0	0	Not Achieved	The assessment process was delayed due to internal processes and temporarily stalled by the appointment Acting Directors.	Preparations for assessments have been completed and the assessments will be conducted in July 2022.	- Performance Assessment reports for senior managers
99.	To ensure that APR is compiled in terms of Sec 46 of the MSA and submitted to relevant stakeholders	Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 st August 2021	1 APR compiled and submitted to relevant stakeholders	1	1	N/A	N/A	N/A	1	Achieved	None	None	- Signed APR - Proof of submission
100.	To ensure that both Draft and Final Annual	Number of Annual Reports	2 Annual Reports submitted	2	N/A	N/A	2	N/A	2	Achieved	None	None	- Signed Annual Report.

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	Reports are approved by Council within prescribed timeframe and submitted to relevant stakeholders	compiled and submitted to relevant stakeholders by 31 March 2022	to relevant stakeholders (Draft & Final)										<ul style="list-style-type: none"> - Proof of submission - Proof of publications
101.	To ensure that quarterly performance reports are tabled in Council	Number of SDBIP quarterly reports tabled in the Council by 30 June 2022	4 SDBIP quarterly reports tabled	4	1	1	1	1	4	Achieved	The report has been prepared but not yet tabled in Council.	The report will be tabled in the next Council sitting.	<ul style="list-style-type: none"> - Quarterly performance reports - Council Resolutions
102.	To ensure compliance to MFMA on the approval of the municipal SDBIP	Number of SDBIPs approved 28 days after the budget approval by 30 June 2022	2 SDBIP approved (Original and Revised)	1	N/A	N/A	N/A	1	1	Achieved	None	None	<ul style="list-style-type: none"> - Approved SDBIP. - Council Resolution - Proof of publications
Functional Area: Internal Audit (IA)													
103.	To ensure that Internal Audit Annual plan is approved by Audit Committee in terms of Sec 165 MFMA	Number of Internal Audit Annual Plans approved by 30 June 2022	0 Internal Audit Annual Plans	1	N/A	N/A	N/A	0	0	Not Achieved	The annual internal audit plan is a risk based audit plan which relies on the risk assessment. Therefore the risk assessment has not been finalized".	Internal Audit Annual Plans will be approved in the 1st quarter of 2022/2023 financial year.	<ul style="list-style-type: none"> - Approved Internal Audit Annual Plan
104.	To ensure that Audit Committee meetings are	Number of Audit Committee meetings held	8 Audit committee meetings held	4	2	2	2	1	7	Achieved	There were Special Audit Committee meetings held.	None	<ul style="list-style-type: none"> - Invitations, minutes and attendance registers

	held as scheduled	by 30 June 2022											
Functional Area: Integrity Management and Fraud Prevention													
105.	To ensure information security and combat fraudulent activities	Number of Integrity Management and fraud prevention awareness programmes held by June 2022	2 awareness held	2	0	N/A	0	N/A	0	Not Achieved	Delays from COGTA in arranging trainings for municipalities.	Will be considered once COGTA is ready to roll out the trainings.	- Invitations, reports and attendance registers.
Functional Area: Risk Management													
106.	To ensure that the Annual Risk Register is approved by the Risk Committee	Annual Risk Register developed and approved by 30 June 2022	1 Risk Register developed	1	N/A	N/A	N/A	0	0	Not Achieved	Postponement of risk assessment/meetings within the municipality which led to delay in the approval of Risk Register.	The risk register will be approved in the 1st quarter of 2022/2023 financial year.	- Approved Annual Risk Register
107.	To ensure that risk management reports are submitted RMC	Number of quarterly risk management reports submitted to Risk Management Committee (RMC) by 30 June 2022	4 risk management reports submitted to RMC	4	1	1	1	1	4	Achieved	None	None	- Risk reports submitted to RMC.
Functional Area: Marketing and Communication													
108.	To keep the institution informed on most important	Number of media analysis reports produced by 30 June 2022	12 Media analysis report	12	3	3	3	3	12	Achieved	None	None	- Listing of the reports - Media analysis reports

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	issues requiring urgent attention												
109.	To ensure information dissemination and feedback from public	Number of postings on official Facebook account by 30 June 2022	959 postings	400	176	173	181	212	742	Achieved	There has been more postings than planned as a result of demand to communication of various matters to public.	None	<ul style="list-style-type: none"> - Listing of the postings - Screen shots of the postings on Facebook
110.	To ensure important and legislated information is publicised on the municipal website.	Number of website updates made by 30 June 2022	286 website updates	120	0	0	0	0	0	Not Achieved	The municipal website has been down for some time due migration from Telkom to Vodacom network and data could not be retrieved.	Reports will be provided once the website is up and running.	<ul style="list-style-type: none"> - Listing of the postings - Screen shots of the postings
111.	To ensure communication in the institution is appropriately guided	Number of Communications Strategy Approved by 30 June 2022	No communications Strategy Approved	1	N/A	N/A	N/A	0	0	Not Achieved	Draft strategy in place and yet to be tabled in Council.	Will be tabled in Council when funds are available for implementation.	<ul style="list-style-type: none"> - Council approved Communication strategy - Council Resolution.

KEY PERFORMANCE AREA 6: SPATIAL PLANNING AND RATIONALE

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT													
STRATEGIC OBJECTIVE: TO ENSURE LONG TERM PLANNING THAT PROVIDES FOR SOCIAL COHESION AND TRANSFORMATION													
No	Performance Objective	Key Performance Indicator	Baseline 2020/2021	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YTD Actual as at 30 Jun 2022	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Sustainable Human Settlement													
112.	To ensure continuous communication on development between the municipality and DHS is maintained	Number of quarterly meetings held with the Provincial Department of Human Settlement by June 2022	4 meetings held	4	1	2	2	1	6	Achieved	2 extra meetings was held in order to fast track the township establishment process in ext. 44.	None.	- Minutes and attendance register of meetings
Functional Area: Land Use Management													
113.	To ensure timeous processing of building plans	Percentage of compliant building plans processed within 60 days	100% compliant building plans processed within 60 days	100%	100%	100%	100%	100%	100%	Achieved	None.	None.	- Building plan register - Building plans and approval or disapproval letters
114.	To ensure that inspections on buildings land use are done and contraventions notices are served	Number of building and land use contraventions issued quarterly	102 building and land use contraventions issued	100	25	25	25	25	100	Achieved	None.	None.	- Listing of notices and notices served
115.	To ensure timeous	Percentage of building and	100% building	100%	100%	100%	100%	100%	100%	Achieved	None.	None.	- Listing of notices

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	referral and processing of buildings land use contraventions	land use contraventions referred to Legal section after 60 days (Within 90 days from date of first notice)	and land use contraventions referred to Legal section										issued and notices issued - Memo to legal services
116.	To ensure timeous consideration of compliant Land Use and Land Development Applications	Percentage of compliant Land Use and Land Development Applications considered by the Land Development Officer within 30 days	100% compliant Land Use and Land Development Applications considered by LDO	100%	100%	100%	100%	100%	100%	Achieved	None.	None.	- Listing of applications considered by LDO
117.	To ensure Building Regulations and land use compliant structures and organized settlements	Percentage of SPLUMA compliant Certificates issued within 28 days	New Indicator	100%	100%	100%	100%	100%	100%	Achieved	None.	None.	- List of SPLUMA Applications received - SPLUMA Certificate and decline letters
118.	To ensure that all land use building complaint are timeously investigated and addressed.	Percentage of land use and building complaints investigated within 14 days	New Indicator	100%	100%	100%	100%	100%	100%	Achieved	None.	None.	- List of land use and building complaints - Inspection report

Institutional Projects and Deliverables																
Key Performance Area 2: Basic Services Delivery and Infrastructure Development																
No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2021/22	YTD Expenditure	Progress as at 30 June 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	
											Target	Actual				
Community and Social Services																
P25	Trading Services	11	Waste Management	Refuse – Solid waste	Procurement of the Yellow Fleet for the waste management	Mun.	01 Jul 2021	30-Jun-2022	R 2 400 000	R 2 400 000	Project Completed (100%)	Project Completed (100%)	Achieved	None	None	- Invoices - Delivery Notes
Technical Services																
P08	Economic & Environmental Services	10	Road Transport	Public Works	Upgrade of Mavundla Street in Ward 17	17	20-Feb-2020	31-Jul-2021	R 100 000	R 100 000	Project Completed (100%)	Project handover (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P45		10	Road Transport	Public Works	Upgrading of the Wesselton Extension 3 Boxer intersection	1	30-Jun-2021	30-Apr-2022	R 5 853 808,45	R 5 770 805,32	Implementation / Construction (56.50%)	Implementation (62.8%)	Achieved	Good performance from the Contractor.	None	- Progress Reports - Practical completions certificate
P46		10	Road Transport	Public Works	Rehabilitation of Emadamini Ext 6 Taxi collector	3	30-Jun-2021	05-Dec-2022	R 4 114 371	R 8 225 389,37	Implementation / Construction (56.50%)	Implementation (65.8%)	Achieved	Good performance from the Contractor.	None	- Progress Reports - Practical completions certificate
P47		10	Road Transport	Public Works	Upgrading of KwaZanele Masizakhe road	14	30-Jun-2021	30-Sep-2022	R 4 067 108,19	R 5 167 208,22	Implementation / Construction (56.50%)	Implementation (56.14%)	Not Achieved	Inclement weather has deviated the planned performance	Extension of time is to be evaluated.	- Progress Reports - Practical completions certificate
P48		10	Road Transport	Public Works	Construction of three Intersections to join SANRAL's N17 at Warburton,	12	30-Jun-2021	30-Jun-22	R 1 834 696,76	R 192 231,15	Implementation / Construction (56.5%)	Documentation and Procurement (14%)	Not Achieved	BID response values received were higher than the project approval	Budget adjustment for the project is approved through CoGTA.	- Progress Reports - Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2021/22	YTD Expenditure	Progress as at 30 June 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	
											Target	Actual				
					Nganga Road and associated St										Budget deferred to 22/23 FY	
P49		10	Road Transport	Public Works	Upgrade of Wessels road	6	01-Oct-2020	06-Aug-2021	R 3 129 855	R 3,112,740.06	Project completed (100%)	Project Completed (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P50		10	Road Transport	Workshop	Purchase of workshop equipment	Mun	01-Jul-2021	30-Jun-2022	R 347 502	R 0	Project completed (100%)	0%	Not Achieved	No performance information supplied	Performance information must be supplied	- Invoices and Delivery notes
P51	Trading Services	11	Water Management	Water network	Installation Of Water Reticulation In Wesselton Extension 11 Phase 1	9	30-Jul-2021	28-Feb-2022	R 850 803.13	R 850 703.13	Project Handover (99%)	Project completed (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P52		11	Water Management	Water network	Installation Of Water Reticulation in Wesselton Extension 11 Phase 2	9	30-Jul-2021	31-Mar-2022	R 1 447 932.01	R 1,345,600.50	Project Handover (99%)	Project completed (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P53		11	Water Management	Water Reservoir	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipe works	8	10-Aug-2020	15-Dec-2021	R 21 707 927	20,970,833.77	Project handover (99%)	Construction (97.3%)	Not Achieved	Additional Scope	Application for extension of time and revision of programme of works.	- Progress Reports - Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2021/22	YTD Expenditure	Progress as at 30 June 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	
											Target	Actual				
P30	Trading Services	12	Waste Water Management	Waste Water Treatment	Electro-Mechanical Upgrades To Extension 32, 33 And 34 Pump stations In Ermelo	16	1-Oct-2020.	15-Dec-21	R 5 127 063,43	R 2 954 213.15	Project handover (99%)	Construction (85.4%)	Not Achieved	Slow progress from the contractor has deviated the planned progress	Acceleration Plan and Procurement Plan to be submitted to fast track the progress	- Progress Reports - Practical completions certificate
P32		12	Waste Water Management	Waste Water Treatment	Refurbishment Of Davel Waste Water Treatment Works	10	06-May-2020	30-Oct-21	R 2 660 316.66	R 2 660 316.64	Project completed (100%)	Implementation (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P54		12	Waste Water Management	Sewerage Network	Installation of Sewer Reticulation at Breyten Ext 4 (Enkanini)	13	30-Jul-2021	31-Mar-2022	R 1 400 000.00	R 1 400 000	Project handover (99%)	Construction (99%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P55		12	Waste Water Management	Sewerage Network	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline.	8,7,16	30-Jun-2021	30-Jun-2022	R 31 457 948	R 21,613,766.04	Implementation / Construction (33.62%)	Implementation/Construction (32.40%)	Not Achieved	Delayed appointment of contractor deviated the planned performance	Close monitoring of contractor will assist in directing the project towards planned goals	- Progress Reports - Practical completions certificate
P56		12	Waste Water Management	Waste Water Treatment	Feasibility study for Ermelo WWTW	3	30-Jun-2021	28-Feb-2022	R 699 200.00	R 699,200.00	Assessment Completed (100%)	Risk Assessment (100%)	Achieved	None	None	

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2021/22	YTD Expenditure	Progress as at 30 June 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	
											Target	Actual				
P33	Trading Services	12	Waste Water Management	Waste water Treatment	Refurbishment of Oxidation ponds in Breyten	13	16-Apr-2021	30- Sept-2021	R 7 179 550,19	R 7,175,236.59	Project completed (100%)	Construction (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P34		12	Waste Water Management	Waste Water Treatment	The refurbishment of the KwaZanele waste water treatment works	14	16-Apr-2021	31-Mar-2022	R 10 663 300.60	R 10,511,97.37	Project completed (100%)	Project handover (99%)	Not Achieved	Service Provider failed to submit Closeout Report on time.	Budget Deferred to 2022/23FY	- Progress Reports - Practical completions certificate
P22		14	Energy Sources	Public/street lighting	Installation of high mast lights	10-12, 15, 16, 18, 19	01-Jul-2021	31-Dec-2021	R 1 292 071.83	R 818,798.75	Project completed (100%)	Implementation (90.3%)	Not Achieved	Eskom Connections delayed	Budget deferred to 2022/23 FY	- Progress Reports - Practical completions certificate
P57	Trading Services	14	Energy Sources/ Electricity	Electrical Infrastructure	Construction of a 3.6 MVA Bulk, KwaZanele Substation	14	30-June-2021	29-April-2022	R 4 050 000	R4,475,559.66	Project completed (100%)	Project Completed (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P58		14	Energy Sources / Electricity	Electrical Infrastructure	Electrification of 350 units at KwaZanele Ext 5	14	30-June-2021	29-April-2022	R 5 950 000	R5,528,440.34	Project completed (100%)	Project Completed (100%)	Achieved	None	None	- Progress Reports - Practical completions certificate
P59		14	Energy Sources / Electricity	Electrical Infrastructure	Design and Construction (turn-key) for the replacement of 20mva, 88/11kv transformer in Ermelo 88kv sub-station	(3, 8, 7, 6 & 16)	30-July-2021	30-May-2022	R8 500 000	R16,759,250.00	Implementation (82%)	Implementation (72.7%)	Not Achieved	Additional Work and Shortage of Manufacturing material from suppliers.	Application of Extension of time and Revision of Programme of Works.	- Progress Reports - Practical completions certificate

OVERSIGHT REPORT ON THE 2020/21 ANNUAL REPORT



Msukaligwa Local Municipality



OVERSIGHT REPORT ON THE 2021-2022 ANNUAL REPORT

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Chapter 1

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Chapter 1

CHAPTER 1 – CHAIRPERSON'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: CHAIRPERSON'S FOREWORD

Honourable Speaker of Council Cllr. N.S. Xaba
Your Worship the Executive Mayor Cllr. M.P. Nkosi and the Mayoral Committee
The Whip of Council Cllr. P.T. Sibeko and Whips of all Political Parties represented in this Council.
Chairpersons of Section 79 Committees and all members
Fellow Councillors
The Municipal Manager, Senior Management, Managers and officials present here.
Members of Public and Media
Community Development Workers and ladies and gentlemen

In terms of section 121 (1) and 127 (2) of the MFMA Council was expected to note and consider the Draft Annual Report together with audited financial statements.

Indeed, in its sitting held on the 27 January 2023 under the Report of the Executive Mayor a Draft Annual Report for 2021/2022 financial year was considered or rather noted and referred to MPAC for scrutiny and resubmission of a full report to Council. The fact that the Municipality submitted the Draft Annual Report on time and in compliance with legislation is worth commending.

Hon. Speaker I wish to report that the Committee held numerous meetings wherein the Draft Annual Report was assessed and scrutinized. In our first meeting held on 01 March 2023 we dealt with the content of the Draft Annual Report, and we had to satisfy ourselves that the following key elements were covered on the Report.

- a) Annual Performance Report, evaluating the year's performance against the performance objectives established in the IDP, Budget and Service Delivery and Budget Implementation Plans (SDBIPs).
- b) Annual Financial Statements (AFS), Auditor-General's (AG) Audit Report on the AFS and Management's responses to address the AG's audit findings.

We wish to report to this august house that MPAC sent questions to the Executive on 02 March 2023 for written and oral responses on the questions asked by MPAC. We have attached these set of Questions sent to the Executive as "Annexure A"

We have attached Minutes of the various meetings held between MPAC and various components of the Executive.

Hon. Speaker you will recall that our mandate as MPAC is primarily to assist Council to review and monitor the actions of the Executive. We had to make an assessment as to whether the Executive and Administration had in the Financial Year under complied with legislative and policy guidelines.

Hon. Speaker, S152 of the Constitution deals with the Objects of Local Government and 1 (b) directs Municipalities to ensure provision of services to communities in a sustainable manner. Central to these tasks and mandate are Technical and Community Services departments which must provide water, electricity, roads, solid waste removal and maintenance of sport facilities etc.

Chapter 1

Our assessment as MPAC is that the Municipality is experiencing serious service delivery issues due to factors such as lack of resources, lack of supervision and management. We are making a call to Council and the Executive to strengthen service delivery programmes. We have made very clear recommendations on some important issues and request the Executive and Accounting Officer to act on them.

Madam Speaker on behalf of the MPAC collective and my own name I wish to thank all the member of MPAC for their commitment to this process.

We further wish to commend both the Executive and Administration for the effort in try to turn the situation for the better. As MPAC we learnt a lot from the presentations of various MMCs and Directors and most particular the Municipal Manager in our session on 23 March 2023.

We also thank the office of the Auditor-General, the Audit Committee and our Internal Audit Committee for their guidance and support and we believe that this MPAC will be better than it was as we move into the future.

Our success as an institution depends on our ability to implement all **RECOMMENDATIONS** made by the structures mentioned above.

We are recommending to Council to **ADOPT** the Draft Annual Report.

Cllr. M.A. Nzimande
Chairperson of MPAC

CHAPTER 2 – BACKGROUND

Council in its ordinary sitting held on January 27, 2023, under the report on the Draft Annual Report for 2021/2023 Financial Year noted and referred that Draft Annual Report to MPAC for Oversight purposes.

To conduct oversight on the Draft Annual Report the Committee convened the following meetings:

- a) 01 March 2023
- b) 07 March 2023
- c) 08 March 2023
- d) 09 March 2023
- e) 10 March 2023
- f) 14 March 2023
- g) 23 March 2023

MPAC held its meeting on 01 March 2023 wherein Questions were set and those questions were sent to the Executive for responses on certain matters on the Draft Annual Report and submission of Portfolios of Evidence.

CHAPTER 3 – COMMITTEE MEMBERS

MEMBERS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

No.	Name of Councillor	Designation	Gender	Party
1.	Cllr. M.A. Nzimande	Chairperson	Male	ANC
2.	Cllr. S. Khalishwako	Committee member	Male	ANC
3.	Cllr. S.S. Cindi	Committee member	Male	ANC
4.	Cllr. M.R. Yende	Committee member	Male	EFF
5.	Cllr. M.M. Mkhaliphi	Committee member	Male	ANC
6.	Cllr. Z. Breytenbach	Committee member	Female	DA
7.	Cllr. P.H. Sibiya	Committee member	Male	ANC
8.	Cllr. J.D.A. Blignaut	Committee member	Male	VF
9.	Cllr. T.P. Zulu	Committee member	Female	ANC
10.	Cllr. V.J. Maseko	Committee member	Male	ANC

CHAPTER 4 - DISCUSSION

Legislative Mandate and prescripts

Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with the Municipal Systems Act (MSA) (Section 46) and the Municipal Finance Management Act (MFMA) (Section 121).

In addition, Circulars 11 and 63, issued by National Treasury (NT), and the Annual Report Customized Template and Guidelines provided by the Provincial Department of Local Government and Traditional Affairs provide guidance to municipalities on compliance with the above legislation.

A municipal annual report includes the following key elements:

- Annual performance report, evaluating the year's performance against the performance objectives established in the IDP, Budget and Service Delivery and Budget Implementation Plans (SDBIPs).
- Annual financial statements (AFS), Auditor-General's (AG) Audit Report on the AFS and management's responses to address the AG's audit findings.

The preparation of the annual report had to comply with sections 121,122,123,124,125,126 and 127 of Municipal Finance Management Act, Act 53 of 2003.

The MFMA directs that the annual report to be completed and tabled in Council by 31 January, for the financial year ended the previous 30 June. Council must then review the Annual Report and adopt an oversight report containing its comments within 60 days.

The MFMA (Section 129 (1)) and National Treasury's (NT) Circular 32 direct and guide the oversight process and the preparation of the oversight report. Circular thirty-two (32) recommends that Council establish an Oversight Committee to prepare an oversight report, in order that all Councilors be provided with a more detailed and comprehensive analysis of the Annual Report. In the context of the Municipality **RESOLUTION A237** on the restructuring of Section 79 Committees was taken in an ordinary Council meeting and that resolution gave effect to the establishment of the Municipal Public Account Committee.

During the sitting of the MPAC held on March 01, 2023, questions were formulated and sent to the Executive to obtain more clarity and detailed valuable information. Attached herein as **Annexure "A"** is the Proof of Evidence.

The above stated MPAC meeting reflected on scrutinized the annual report to verify compliance with the MFMA provisions as stated above on this Report and the following checklist was created and used:

CHECKLIST ON ANNUAL REPORT AS PER SECTION 121(3) OF THE MFMA,56 OF 2003 AND CIRCULAR 11

CONTENT OF THE ANNUAL REPORT	Yes/No
a) Annual Financial Statement of the Municipality	Yes
b) AG's Report on the Financial Statements	Yes
c) Annual Performance Report of the municipality prepare by the Municipality in terms of section 46 of the Municipal Systems Act	Yes
d) Auditor-General's report in terms of section 45 of the Municipal Systems Act	Yes
e) An assessment by the Accounting Officer of any arrears on municipal taxes and services.	Yes
f) Assessment by the Accounting Officer of the Municipality's performance against the measurable performance objectives referred to in section 17. (3) (b) for the revenue collection from each revenue source and for each vote in the Municipality's approved budget for the relevant financial year.	Yes
g) Particulars of corrective or to be taken action in response to issues raised in the audit reports referred to in paragraph (b) and (d)	Yes
h) Any explanation that maybe necessary to clarify issues in connection with the financial statement.	No
i) Any information as determined by the Municipality	No
j) Any recommendations of the audit committee.	Yes

LEGISLATIVE ISSUES	COMPLIANCES	RESPONSE	RECOMMENDATIONS
Annual Financial Statements Section 121 (3) (4) of MFMA	1. Have the AFS of the Municipality and that of the entity been included in the Annual Report? 2. Are both AFS and Annual Report audited? 3. Are AFS compliant with GRAP? 4. Any comments by the Audit Committee in relation to the AFS?	Yes Yes Yes	The CFO must build internal capacity to compile AFS
Supply Chain Management Regulations and Policy	1. Have certain disclosures of SCM matters been included on the report as required?	Yes	Enforce compliance
Section 123 of MFMA and Circular 11	1. Has the Municipality had any allocation per DORA delayed or withheld? 2. Is there any disclosure on allocation made by the Municipality to an organ of state, Municipal entity of other Municipality? 3. Has the Municipality complied with the conditions of the grant?	No No Yes	None
Section 124 (1) (2) Disclosure of Councillors, Directors and Officials in the notes to the AFS	1. Have the salaries, allowances, and benefits paid to councillors and the Municipal Manager, CFO and senior been disclosed? 2. Is there a statement by the Accounting Officer, stating that salaries, allowance and benefits paid to councillors are within the upper limits of the framework envisage in section 219 of the constitution? 3. Have arrears for rates and services owed by councillors, in which the arrears were more than 90 days been disclosed including the name of the councillor?	Yes	None
Section 46 of the MSA on Annual Performance reports of the Municipality	1. Has the performance report been included in the annual report?	Yes	

	<p>2. Have all the performance targets set in the budget, SDBIP, service agreements etc. been included in the report?</p> <p>3. Does the performance evaluation in the annual report compare actual performance with target expressed in the budget and SDBIP approved for the financial year?</p> <p>4. In terms of key functions or services, how has each performed?</p> <p>5. To what extent have targets been met?</p> <p>6. Are council and community satisfied with the performance?</p> <p>7. What actions have been taken and planned to improve performance?</p> <p>8. Did the target set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and other senior manager?</p> <p>9. Does the report evaluate the efficiency of mechanism applied to deliver the performance outcomes?</p> <p>10. Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p>	<p>Yes</p> <p>Yes</p> <p>Fair</p> <p>Not all were met.</p> <p>No comments were received thus far. Appointment of staff and allocation of resources</p> <p>Yes</p> <p>No</p> <p>Partial</p>	
Section 127 (2);130 (1)(2)(3) and section 21A of MSA Council meetings open to public and certain public official	<p>1. Was the public invited to the council sitting where the annual report was considered?</p> <p>2. Did the Accounting Officer make public the annual report? 3. Was the annual report submitted to the AG; PT and CoGTA?</p>	<p>Yes</p> <p>Yes</p>	

Corporate Services:

1. The Draft Annual Report SDBIP implementation under Human Resources specifically deals with the reduction of overtime and the Report indicates that over-time is not properly managed. **Does Executive/Management have a plan to reduce the payment of overtime? If yes can MPAC be furnished with such a plan or strategy?**
2. Does the Municipality have a system or tool to monitor Council employees and ensure that they are productive in their eight hours of work in the various Service Delivery Units? **If yes can the Executive present such a system or tool.**
3. In Chapter 4 on Organizational Development Performance: Employees Totals, Turnover and variance the Municipality has many vacant positions which in our view can result in poor delivery of services to communities. **Can Management provide the approved organograms to highlight all vacant and budgeted for positions and reason why such positions are not filled?**
4. Page 15 of the Report indicates that an Employee Validation process was undertaken by the Municipality. **MPAC wishes to know who was delegated to perform that function and which process was followed? Was it done by an independent institution or Msukaligwa Management?**
5. Page 76 of the Report provides information on the types of leave taken by employees. **MPAC wishes to know whether the Municipality has a Leave Management system and that how does the Municipality monitor absenteeism at work and how does it deal with unprotected strikes or industrial action?**
6. Page 79 of the Report deals with Skills Development and Training and the observation by MPAC is that the Municipality does not prioritize Skills Development and Training for both Councillors and officials. **Can Management provide a comprehensive list of all those that received training? Does the Municipality have a budget for Skills Development and Training? If yes how much was it?**
7. The Draft Annual Report highlights the cascading of PMS to all Occupational Level. **Is there any progress on cascading PMS to all occupational levels? If yes can Administration provide a progress report to that effect?**
8. Page 25 of this Report states that By-Laws have not been gazetted due to financial constraints. **Are there plans to source funding for gazetting By-Laws and if yes what are those plans?**

Finance

1. On page 24 under SDBIP Revenue Management and Credit Control the Municipality has not succeeded in reducing the debt book. **Does the Municipality have a plan to reduce the debt book and creditors and if yes what kind of interventions will be made?**
2. On page 24 of the Draft Annual Report, Administration reported cash flow challenges due to factors such as distribution losses; illegal connection etc. The Report further states that a Financial Recovery Plan was developed and its being implemented. **Is the implementation of the FRP effective enough and has it yielded any positive results to our cash flow situation? If no what else can Management do to improve our cash flow situation?**
3. The Draft Annual Report under topic Website indicate that supply chain management contracts above a prescribed value (give value) for 2021/2022 are not posted on the website. **Are there specific reasons why**

these contracts are not posted on the website? if not how soon can Management ensure that such contracts are posted.

4. Does the Municipality have a process to respond to findings raised by the Auditor-General in her Report to Msukaligwa Municipality? **Are recommendations of the Audit Committee implemented and if yes can Management provide a full report in that regard?**
5. The municipality engaged the services of consultants to assist in dealing with findings identified by the Auditor General pertaining to administrative governance as well as compilation of the AFS (Page 19) **How much is the Municipality paying the private consultants? Do we have a plan to insource such function given the fact that the Municipality has now appointed a CFO?**

Technical Services

1. On page 92 there is a diagram depicting a 4.5% in 2017/18 Financial Year and 1,5 % in the Financial Year under review. **Can Management explain this trend? Does the Municipality budget enough money for repair and maintenance? If yes can the actual figures be provided?**
2. Msukaligwa Municipality like all Municipality is affected by loadshedding. **What impact does loadshedding have on the delivery of services to the community? Does the Municipality have a plan to deal with it?**
3. In page 12 under service delivery, it is mentioned that Nganga in Warburton have sewer reticulation completed but not connected due to water supply. **Is there progress in so far as the provision of water is concerned?**
4. The Report states that there are challenges with water bourne toilet system. **What are those challenges and are there plans to address such challenges?**
5. There are reports that members of the community are left without water for days in the various Service Delivery Units of the Municipality. **Are there specific projects and plans to ensure constant water supply to communities?**
6. Heavy rain and floods have affected access roads in many farms and a such services such as health and education are hampered. **Does the Municipality have capacity to gravel roads in the various farms?**
7. **Is it possible for Technical Services Department to explore water sources to avoid possible water outages in future?**

Planning and Economic Development

1. Page 41 of the Report deals with Human Settlement and the role that the Municipality play. **Are there any programs to build houses on farms and rural areas particularly those affected by floods and other forms of disasters?**
2. Page 51 of the Report deals with Local Economic Development and all matters related to that. **Can Executive/Management provide a progress report on the establishment of the LED Forum?**

3. Page 51 states Mining and quarrying in the district dropped from 11,8% in 2020/21 to 5,6 % in 2021/22 Financial Year. **Is the depicted picture correct and where do we locate Msukaligwa in this picture?**
4. Page 53 of the Report states N/A on projects implemented through SLP. **Are there no projects implemented by Mines or other businesses in the Municipality? If the answer is yes, where do we locate projects such as Library and Community Hall in Chrissiesmeer?**
5. Is there any progress in so far as SANRAL ring-road, Majuba rail and railway to link South Africa and Swaziland? **If yes can Management provide a full report to MPAC?**
6. Page 107 of the Report reflects numerous Committees including LED and Tourism Committee. **What are interventions does PED as a Department and the Committee have on promotion of tourism in areas like Chrissiesmeer?**

Community and Social Services

1. It is evident that trucks are passing in Ermelo town which puts a strain on roads in Ermelo town. **Does Management have to control and monitor the movement of trucks? If yes can that plan be shared with MPAC?**
2. The Reports under Disaster highlights the shortage of staff and budget constraints as factor that limit our intervention in cases of disasters such as floods and fire. **Are there plans to improve our response in such incidents?**
3. The Number of traffic officers on duty on any average day is 10. **Do we have enough vehicles for these traffic officers, and do they conduct operations in all service delivery unit ?**
4. Your report states that currently the Fire service does not have any reserve fire trucks to be used as front-line runners should any one of the current fire trucks breaks down. **Does the Municipality have a plan to procure fleet for this Section to avoid interruption of the services?**
5. One of the functions of the Department is sport development. **Are there plans to revive sport as part of social cohesion programme? If yes what are the plans?**
6. In page 38 the Report indicates that the department manages landfill sites. **How many licensed landfill sites do we have and are they properly managed? If so why are members of the community not accessing them easily?**

Office of the Municipal Manager

7. Are the findings of the Auditor-General addressed and if yes can Management provide a comprehensive Report to demonstrate that? (This could be in a form of an Action Plan)
8. Page 24 of the Report deals with Fraud and Corruption Management. **Does the Municipality have an Internal Hotline to report cases of Fraud and Corruption? If no can Management be advised to prioritize it.**

9. The Report states that the AG findings are 78 for the current Financial Year. **Are the figures correct if you add the findings per Department as stated on the Report?**
10. Are there findings from the Internal Audit Unit implemented and if yes can Management provide information to substantiate that?
11. Billing is certain part of the Municipality remains a challenge. Does the Municipality have plans to install meters in areas that did not have meters?
12. Some KPI for this Financial Year have not been achieved. Does the Municipal Manager have a plan to ensure that all set KPIs are implemented without fail?

General:

The observation is that almost all Departments are battling in terms of budget and staff shortages. What are plans to address these critical matters?

MPAC noted that the Executive Mayor's Foreword and Municipal Managers' Overview were not included on the Draft Annual Report.

Other Attachments

Type of Meeting	Date	Annexure
1. MPAC invitation to the Executive	16 Feb. 2023	a
2. MPAC question to the Executive	02 March 2023	b
3. MPAC follow up Question to Technical and Finance Departments	10 March 2023	c
4. MPAC meeting to set up questions	01 March 2023	d
5. Minutes of MPAC meeting with Corporate Services	07 March 2023	e
6. Minutes of MPAC meeting with Planning and Economic Development	08 March 2023	f
7. MPAC meeting with Finance	09 March 2023	g
8. Minutes of MPAC meeting with Technical Services	10 March 2023	h
9. Minutes of MPAC meeting with Community	14 March 2023	i
10. Minutes of MPAC meeting with Finance & Technical	14 March 2023	j
11. Minutes of MPAC meeting with Audit Committee, IAU, AG and MM	23 March 2023	k
12. MPAC questions and Management responses	All stated dates	l

CHAPTER 5 – Auditor General's Report

MPAC noted the reduction of findings on the audit report submitted by the Auditor-General in respect of Msukaligwa Municipality in a form of a qualified audit results.

The under listed is the summary of findings per area of responsibility in terms of the AG findings as reflected in **Annexure "D"**.

In terms of section 131(1) and (2) of the Municipal Finance Management Act, 2003, a municipality must address any issues raised by the Auditor General in an audit report. The Mayor of a municipality must ensure compliance by the municipality with this subsection.

The MEC for local government in the province must-

- a) Assess all annual financial statements of municipalities in the province, the audit report on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor General in an audit report; and
- b) Report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.

The municipality has received a Qualified Audit Opinion for the 2021/2022 financial year with the following matters:

- a) Payables from exchange transactions
- b) VAT receivables
- c) Irregular Expenditure
- d) Consumer debtors – electricity
- e) Material losses – Inventory, electricity and water
- f) Fruitless and wasteful expenditure
- g) Material loss on disposal of asset.
- h) There is total number of 78 findings for the financial under review as per the Management letter which shows an improvement when compared with 2020/2021 financial year of 185 findings.

Findings per Department

- | | |
|-----------------------------|-------------|
| a) Finance Department: | 57 Findings |
| b) Corporate Department: | 05 Findings |
| c) Office Of The MM: | 15 Findings |
| d) Technical Services: | No Findings |
| e) Community Services: | No Findings |
| f) Planning & Economic Dev: | No Findings |

AUDITOR GENERAL FINDINGS

An Audit Action plan will be compiled to address the audit findings and will be monitored on a regular basis and ensure the following processes are implemented:

- a) Monitoring the progress on the implementation of the Auditor General recommendations on a monthly basis.
- b) Management to provide progress report on addressing the issues raised by the Auditor General on a monthly basis.
- c) Internal audit and Audit Committee will conduct follow up on the implementation of action plans on a quarterly basis.

OVERALL IMPLEMENTATION OF ACTION PLANS

The overall implementation of the Auditor General findings Action Plan for the 2021/22 financial year as at the end of June 2022 was as follows:

TOTAL FINDINGS	Addressed	In Progress	Not Addressed
78			


Furthermore, the Committee appreciated the audit improvement plan but reiterated that following actions must be taken :

- a) That both the Executive and Accounting Officer must monitor the progress made in the implementation of the AG recommendations and audit improvement plan and update MPAC on quarterly basis.
- b) That the Accounting Officer to ensure that Managers reporting to the Municipal Manager provide progress reports in addressing the issues raised by the AG
- c) That all issues raised by the AG be addressed as soon as possible in line with the adopted Audit improvement plan.
- d) The Municipal Public Accounts Committee presents the following matters to both the Executive and Accounting officer to resolve:
- e) That measures be put in place to capacitate staff in the Performance Management Unit, improve on the quality of performance information, improve on the quality of performance reports and the regular review of performance.
- f) Prioritization of development, implementation, and enforcement of By-Laws such as the Outdoor Advertising By-Law.
- g) Inclusion of all projects implemented through SLP on the Annual Report and making follow up with SANRAL in terms of projects implemented within Msukaligwa Municipal area.
- h) Establishment of LED Forum to strengthen Council's relations with strategic partners.
- i) That both the Executive and Accounting Officer must monitor the progress made in the implementation of the AG recommendations and audit improvement plan and report to MPAC on quarterly basis.
- j) The Accounting Officer as part of Project Management must monitor the performance of companies appointed to perform specific projects in the Municipality.
- k) Realignment of SDBIP and KPIs to respond to Strategic Planning Resolutions.
- l) Strengthen sport development programmes as part of social cohesion.

Madam Speaker and fellow Councillors, the Municipal Public Accounts Committee hereby **RECOMMENDS** the following:

THAT :

1. Council **CONSIDERS** the recommendations of the Municipal Public Accounts Committee on the Annual Report.
2. Council **ADOPTS** the Oversight Report by the Municipal Public Accounts Committee (MPAC) on the 2021/2022 Annual Report in accordance with Section 129 of the Local Government: Municipal Finance Management Act, No.53 of 2003 (MFMA)
3. Council **ADOPTS** the 2021/2022 Annual Report for Msukaligwa Municipality submitted at its Council meeting on 27 January 2023 in accordance with Section 129 of the Local Government: Municipal Finance Management Act, No.53 of 2003 (MFMA) without reservations.
4. That progress reports on the implementation of remedial Action Plan to address findings made by the Auditor-General for the 2021/2022 Financial Year including Management Report be submitted to MPAC on a quarterly basis.
5. That the Accounting Officer make necessary resource allocation to support the implementation of MPAC programmes and activities such as site visits and public hearings as required by legislation.
6. That revenue collection measures, effective policy implementation be strengthened to change the financial position of the Municipality.
7. The Accounting Officer make take reasonable steps to prevent irregular expenditure as required by Section 62 (1) (d) of the MFMA.
8. The Accounting Officer take reasonable steps to prevent unauthorized expenditure as disclosed on the Annual Financials Statements
9. That recommendations made by Internal Audit Unit and Audit Committee be implemented and and that quarterly Reports be submitted to MPAC.
10. Filling of all critical and vacant positions as a step to reduce the payment of excessive overtime.
11. Measures be implemented to ensure that all consumers are billed for services received from Msukaligwa Municipality as a step towards Revenue Enhancement.
12. Establishment of LED Forum to strengthen Council's relations with strategic partners.



MSUKALIGWA LOCAL MUNICIPALITY

INTERNAL OFFICE MEMO

To: [Department] 1. Office of the Executive Mayor
From: [Department] 2. Office of the Speaker
Memo Date: 16 February 2023
To [Primary Recipient]: The Executive Mayor – Cllr. M.P. Nkosi
Cc [Secondary Recipient]: The Municipal Manager -Mr.M Kunene
 Members of the Municipal Public Accounts Committee
Memo From: Chairperson : Municipal Public Accounts Committee
Memo Priority: High
Due Date: 27 February 2023

SUBJECT: INVITATION TO MEETING WITH MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)

Executive Mayor

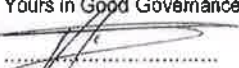
1. Council in its ordinary Council meeting held on 27 January 2023 **REFERRED** the Draft Annual Report for the 2021/2022 Financial Year to the Municipal Public Account Committee (MPAC) for oversight and a comprehensive Report should be **SUBMITTED** to Council no later than two months from the day of the Council sitting in accordance with Section 129 (1) (a) (b) (c) of the MFMA.

2. The Municipal Public Account Committee therefore wishes to invite the Executive to attend the following sessions to discuss the contents of the Draft Annual Report which are planned as follows:

Department	Participants	Date	Time
a. Corporate Services	Executive Mayor, MMC, Director & Managers	07 March 2023	10H00
b. Planning and Economic Development	Executive Mayor, MMC, Director & Managers	08 March 2023	10H00
c. Finance	Executive Mayor, MMC, Director & Managers	09 March 2023	10H00
d. Technical Services	Executive Mayor, MMC, Director & Managers	10 March 2023	10H00
e. Community and Social Services	Executive Mayor, MMC, Director & Managers	14 March 2023	10H00


Please note that all these sessions will be held in the Ermelo Council Chamber, Civic Centre Ermelo.

Yours in Good Governance,


 Cllr. M.A. Nzimande
 Chairperson Municipal Public Account Committee

20/02/2023

MSUKALIGWA MUNICIPALITY
 100 BOY M. ERMELO
 AUG - DEC - 20
 CORPORATE SERVICES
 RECORDS

MSUKALIGWA LOCAL MUNICIPALITY	
	
INTERNAL OFFICE MEMO	
To: [Department]	1. Office of the Executive Mayor
From: [Department]	2. Office of the Speaker
Memo Date:	01 March 2023
To [Primary Recipient]:	The Executive Mayor – Cllr. M.P. Nkosi
Co [Secondary Recipient]:	The Municipal Manager - Mr. M. Kunene Members of the Municipal Public Accounts Committee Chairperson : Municipal Public Accounts Committee
Memo From:	
Memo Priority:	High
Due Date:	08 March 2023
MPAC QUESTIONS IN RESPECT OF THE DRAFT ANNUAL REPORT FOR 2021/2022 FINANCIAL YEAR	
<p>1. The above stated matter refers:</p> <p>2. Council in its ordinary Council meeting held on 27 January 2023 REFERRED the Draft Annual Report for the 2021/2022 Financial Year to the Municipal Public Account Committee (MPAC) for oversight and a comprehensive Report should be SUBMITTED to Council no later than two months from the day of the Council sitting in accordance with Section 129 (1) (a) (b) (c) of the MFMA.</p> <p>3. As part of the Oversight Exercise the following questions are raised by members of the Municipal Public Account Committee for the Executive to respond:</p> <p>Corporate Services :</p> <p>1. The Draft Annual Report SDBIP implementation under Human Resources specifically deals with the reduction of overtime and the Report indicates that over-time is not properly managed. Does Executive/Management have a plan to reduce the payment of overtime? If yes can MPAC be furnished with such a plan or strategy?</p> <p>2. Does the Municipality have a system or tool to monitor Council employees and ensure that they are productive in their eight hours of work in the various Service Delivery Units? If yes can the Executive present such a system or tool.</p> <p>3. In Chapter 4 on Organizational Development Performance : Employees Totals, Turnover and variance it is clear that the Municipality has many vacant positions which in our view can result in poor delivery of services to communities. Can Management provide the approved organograms to highlight all vacant and budgeted for positions and reason why such positions are not filled?</p> <p>4. Page 15 of the Report indicates that an Employee Validation process was undertaken by the Municipality. MPAC wishes to know who was delegated to perform that function and which process was followed? Was it done by an independent institution or Msukaligwa Management?</p>	

M.A.

5. Page 76 of the Report provides information on the types of leave taken by employees. MPAC wishes to know whether the Municipality has a Leave Management system and that how does the Municipality monitor absenteeism at work and how does it deal with unprotected strikes or industrial action?
6. Page 70 of the Report deals with Skills Development and Training and the observation by MPAC is that the Municipality does not prioritize Skills Development and Training for both Councilors and officials. Can Management provide a comprehensive list of all those that received training? Does the Municipality have a budget for Skills Development and Training? If yes how much was it?
7. The Draft Annual Report highlights the cascading of PMS to all Occupational Level. Is there any progress on cascading PMS to all occupational levels? If yes can Administration provide a progress report to that effect?
8. Page 25 of this Report states that By-Laws have not been gazetted due to financial constraints. Are there plans to source funding for gazetting By-Laws and if yes what are those plans?

Finance

9. On page 24 under SDBIP Revenue Management and Credit Control the Municipality has not succeeded in reducing the debt book. Does the Municipality have a plan to reduce the debt book and creditors and if yes what kind of interventions will be made?
10. On page 24 of the Draft Annual Report, Administration reported cash flow challenges due to factors such as distribution losses, illegal connection etc. The Report further states that a Financial Recovery Plan was developed and its being implemented. Is the implementation of the FRP effective enough and has it yielded any positive results to our cash flow situation? If no what else can Management do to improve our cash flow situation?
11. The Draft Annual Report under topic Website indicate that supply chain management contracts above a prescribed value (give value) for 2021/2022 are not posted on the website. Are there specific reasons why these contracts are not posted on the website? If not how soon can Management ensure that such contracts are posted
12. Does the Municipality have a process to respond to findings raised by the Auditor-General in her Report to Msukaligwa Municipality? Are recommendations of the Audit Committee implemented and if yes can Management provide a full report in that regard?
13. The municipality engaged the services of consultants to assist in dealing with findings identified by the Auditor General pertaining to administrative governance as well as compilation of the AFS (Page 19) How much is the Municipality paying the private consultants? Do we have a plan to insource such function given the fact that the Municipality has now appointed a CFO?

Technical Services

14. On page 92 there is a diagram depicting a 4.5% in 2017/18 Financial Year and 1,5 % in the Financial Year under review. Can Management explain this trend? Does the Municipality budget enough money for repair and maintenance? If yes can the actual figures be provided?
15. Msukaligwa Municipality like all Municipality is affected by loadshedding. What impact does loadshedding have on the delivery of services to the community? Does the Municipality have a plan to deal with it?

M.A

30. Your report states that currently the Fire service does not have any reserve fire trucks to be used as front-line runners should any one of the current fire trucks breaks down. Does the Municipality have a plan to procure fleet for this Section to avoid interruption of the services ?
31. One of the functions of the Department is sport development .Are there future plans to revive sport as part of social cohesion programme? If yes what are the plans?
32. In page 38 the Report indicates that the department manages landfill sites. How many licensed landfill sites do we have and are they properly managed? If so why are members of the community not accessing them easily?

Office of the Municipal Manager

33. Are the findings of the Auditor-General addressed and if yes can Management provide a comprehensive Report to demonstrate that? (This could be in a form of an Action Plan _
34. Page 24 of the Report deals with Fraud and Corruption Management. Does the Municipality have an Internal Hotline to report cases of Fraud and Corruption? If no can Management be advised to prioritize it.
35. The Report states that the AG findings are 78 for the current Financial Year. Are the figures correct if you add the findings per Department as stated on the Report?
36. Are there findings from the Internal Audit Unit Implemented and If yes can Management provide information to substantiate that?
37. Billing is certain part of the Municipality remains a challenge. Does the Municipality have plans to install meters in areas that did not have meters?
38. Some KPI for this Financial Year have not been achieved. Does the Municipal Manager have a plan to ensure that all set KPIs are implemented without fail?

General :

The observation is that almost all Departments are battling in terms of budget and staff shortages.What are plans to address these critical matters?

Yours in Good Governance.


Cllr. M.A. Nzimande
Chairperson Municipal Public Account Committee


Date

M A

16. In page 12 under service delivery, it is mentioned that Nganga in Warburton have sewer reticulation completed but not connected due to water supply. Is there progress in so far as the provision of water is concerned?
17. The Report states that there are challenges with water bourne toilet system. What are those challenges and are there plans to address such challenges?
18. There are reports that members of the community are left without water for days in the various Service Delivery Units of the Municipality. Are there specific projects and plans to ensure constant water supply to communities?
19. Heavy rain and floods have affected access roads in many farms and a such services such as health and education are hampered. Does the Municipality have capacity to gravel roads in the various farms?
20. Is it possible for Technical Services Department to explore water sources to avoid possible water outages in future?


Planning and Economic Development

21. Page 41 of the Report deals with Human Settlement and the role that the Municipality play. Are there any programs to build houses on farms and rural areas particularly those affected by floods and other forms of disasters?
22. Page 51 of the Report deals with Local Economic Development and all matters related to that. Can Executive/Management provide a progress report on the establishment of the LED Forum?
23. Page 51 states Mining and quarrying in the District dropped from 11,8% in 2020/21 to 5,6 % in 2021/22 Financial Year. Is the depicted picture correct and where do we locate Msukaligwa in this picture?
24. Page 53 of the Report states N/A on projects implemented through SLP. Are there no projects implemented by Mines or other businesses in the Municipality? If the answer is yes, where do we locate projects such as Library and Community Hall in Chrissiesmeer?
25. Is there any progress in so far as SANRAL ring-road, Majuba rail and railway to link South Africa and Swaziland? If yes can Management provide a full report to MPAC?
26. Page 107 of the Report reflects numerous Committees including LED and Tourism Committee. What are interventions does PED as a Department and the Committee have on promotion of tourism in areas like Chrissiesmeer?

Community and Social Services

27. It is evident that trucks are passing in Ermelo town which puts a strain on roads in Ermelo town. Does Management have to control and monitor the movement of trucks? If yes can that plan be shared with MPAC?
28. The Reports under Disaster highlights the shortage of staff and budget constraints as factor that limit our intervention in cases of disasters such as floods and fire. Are there future plans to improve our response in such incidents?
29. The Number of traffic officers on duty on any average day is 10. Do we have enough vehicles for these traffic officers, and do they conduct operations in all service delivery unit?

M.A



MSUKALIGWA LOCAL MUNICIPALITY

INTERNAL OFFICE MEMO

To: [Department] 1. Office of the Executive Mayor

From: [Department] 2. Office of the Speaker

Memo Date: 10 March 2023

To [Primary Recipient]: The Executive Mayor – Cllr. M.P. Nkosi

Cc [Secondary Recipient]: The Municipal Manager - Mr. M. Kunene
Members of the Municipal Public Accounts Committee

Memo From: Chairperson : Municipal Public Accounts Committee

Memo Priority: High

Due Date: 14 March 2023

RE: FOLLOW UP MEETINGS WITH MUNICIPAL PUBLIC ACCOUNT COMMITTEE : FINANCE & TECHNICAL

Executive Mayor

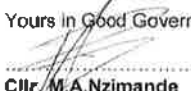
- Council in its ordinary Council meeting held on 27 January 2023 **REFERRED** the Draft Annual Report for the 2021/2022 Financial Year to the Municipal Public Account Committee (MPAC) for oversight and a comprehensive Report should be **SUBMITTED** to Council no later than two months from the day of the Council sitting in accordance with Section 129 (1) (a) (b) (c) of the MFMA.
- As part of this process MPAC met with Finance on 09 March 2023 and Technical Services on 10 March 2023 in separate meetings:
- The Municipal Public Account Committee therefore wishes to invite both Finance and Technical Services to a joint meeting planned as follows:

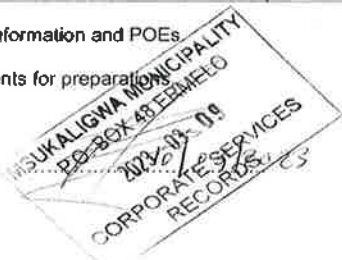
Department	Participants	Date	Time
a. Technical Services & Finance	MMCs, Directors (CFO & Technical) & Managers	14 March 2023	14H00

Both Departments are requested to submit outstanding information and POEs

Please note that Questions will be sent to both Departments for preparation

Yours in Good Governance,


Cllr. M.A. Nzimande
Chairperson Municipal Public Account Committee



MSUKALIGWA LOCAL MUNICIPALITY

Annexure 'd'



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON THE 1ST OF MARCH 2023 IN THE MAYOR'S PARLOUR AT 10H00

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Present
3.	Cllr. S.S. Cindi	Committee member	Absent
4.	Cllr. M.R. Yende	Committee member	Absent
5.	Cllr. M.M. Mkhalihi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Absent
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Applied for Leave of Absence
10.	Cllr. V.J. Maseko	Committee member	Absent

Management and Support Staff:

No.	Name and Surname	Position	Attended /Not attended
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Ms. T.T. Ndaba	Chief Internal Auditor	Attended

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> 1.1 The Chairperson of MPAC Cllr. M.A. Nzimande welcomed all members present in the meeting and declared the meeting officially opened.
2.	<u>REMARKS BY THE CHAIRPERSON</u>

	<p>2.1 The Chairperson informed the meeting that the meeting that the meeting was held to conduct Oversight on 2021/20222 Draft Annual Report as well as to finalize MPACs report on the UIF & W Reports for the Financial Year ended June 2022.</p> <p>2.2 The Chairperson highlighted the fact that it was important for MPAC to meet regularly and to deal with all matters referred to it by Municipal Council.</p> <p>2.3 The Chairperson informed the meeting that MPAC has developed a programme for meetings with various internal Departments for them to respond to questions from MPAC.</p> <p>2.4 The Chairperson informed the meeting that members can prepare and send their question to Secretariat later 01 March 2023 so that such questions can be consolidated and sent to the Executive.</p>
3.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p> <p><u>The following leaves of absence were received:</u></p> <p>3.1 Cllr. Z. Breydenbach - Had written to the Speaker on her unavailability to Committees.</p> <p>3.2 Cllr. M.R. Yende - Due to ill-health (Message wrote on MPAC group)</p> <p>The Committee <u>ACCEPTED</u> the Applications for Leave of Absences as presented to the meeting.</p>
4.	<p><u>MATTERS FOR DISCUSSION</u></p> <p>4.1 <u>Management responses on the UIF & W Report for the year ended June 2022.</u></p> <p>a) The meeting <u>NOTED</u> the fact that Management responses on Questions raised by members of MPAC was signed off by the Executive Mayor and Municipal Manager on 13 December 2022.</p> <p>b) The meeting further <u>ACKNOWLEDGED</u> the fact that the <u>RESPONSES</u> were received by Corporate Services: Secretariat on 04 January 2023 and was sent to all members on that day.</p> <p>c) The Chairperson <u>ADVISED</u> the Committee that MPAC must <u>EXAMINE</u> the responses from the Executive for possible finalization in the next meeting of MPAC so that a Report can be sent to Council.</p>
5.	<p><u>RESOLUTION</u></p> <p>The meeting <u>RESOLVED</u> that members of MPAC will study the <u>RESPONSES</u> and will make their <u>RECOMMENDATIONS</u> in the next meeting of MPAC planned for 07 March 2023.</p>

	<p>5.1 DRAFT ANNUAL REPORT 2021/2022 FINANCIAL YEAR</p> <ul style="list-style-type: none"> a) The meeting scrutinized the Draft Annual Report to verify as to whether its content was in terms of relevant and applicable legislations. b) The Chairperson of MPAC requested members of the Committee to generate Questions which will be sent to the Executive for responses and attached herewith are the Questions raised by members of MPAC and are attached as "<u>Annexure A</u>" c) The meeting <u>RESOLVED</u> that the Chairperson of MPAC must sign the Questions and that they must be shared with all members for record purposes. d) Attached as "<u>Annexure B</u>" is the MPAC programme of meetings with the Executive.
<p>6.</p>	<p><u>CLOSURE</u></p> <p>6.1 The MPAC Chairperson officially thanked all meeting participants for attending and officially and closed the meeting at 12H36.</p>


 Cllr. M.A. Nzimande
 MPAC Chairperson


 Date

MSUKALIGWA LOCAL MUNICIPALITY

Annexure 'e'



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE AND CORPORATE SERVICES HELD ON 07 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Present
3.	Cllr. S.S. Cindi	Committee member	Absent
4.	Cllr. M.R. Yende	Committee member	Absent
5.	Cllr. M.M. Mkhalihi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Present
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Absent

Executive and Management

No.	Name and Surname	Position	Attended /Not attended
1.	Cllr. T.J. Madlala	MMC for Corporate Services	Attended
2.	Mr. A.N. Mavimbela	Acting Director Corporate Service	Attended

Support Staff:

No.	Name and Surname	Position	Attended /Not attended
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Mr. M.M. Thabethe	Chief of Staff: Office of EM	Attended
3.	Mr. B.C. Sibeko	Manager: Office of Speaker	Attended

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> <p>1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed the MMC for Corporate Services Cllr. T.J. Madlala who was accompanied by Mr. Mavimbela an Acting Director Corporate Services.</p> <p>1.2 The Chairperson informed members that the meeting was held to receive a presentation from Corporate Services in respect of questions raised by MPAC on the content of the Draft Annual Report for 2021/2022 Financial Year.</p>
2.	<u>APPLICATION FOR LEAVE OF ABSENCE</u> <p><u>The following leaves of absence were received:</u></p> <p>2.1 Cllr. Z. Breydenbach - Had written to the Speaker on Application for Leave.</p> <p>2.2 Cllr. S.P. Khalishwako - Transport related challenges.</p> <p>2.3 Ms. T.T. Ndaba - Chief Internal Auditor had other work-related commitments.</p> <p>Members of MPAC expressed dissatisfaction on poor attendance and participation by members of MPAC and advise the MPAC Chairperson to raise that matter with the Speaker of Council.</p>
3.	<u>PRESENTATION BY CORPORATE SERVICES</u> <p>3.1 The MPAC Chairperson invited Cllr. T.J. Madlala the MMC for Corporate Services to make a presentation based on questions sent to them. He further requested members of MPAC to confirm receipt of the responses of which they did.</p> <p>3.2 Cllr. T.J. Madlala advised the meeting that he only received the responses on 06 March 2023 and such he might have limitations in terms of responding and requested the Chairperson to also allow Mr. A.N. Mavimbela to make additions where necessary.</p> <p>3.3 Secretariat advised the meeting that the questions were sent to the Chief of Staff in the office of the Executive Mayor on 02 March 2023 thus requesting the MMC to make a follow up with the Director Corporate Service and the office of the MM.</p> <p>3.4 The Chairperson reminded the meeting that MPAC must submit its Report to Council by 31 March 2023 to recommend to Council to approve the Annual Report.</p>

4.	<p><u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Corporate Services (Management)</u></p> <p>4.1 The MMC made a presentation and provided responses to all questions sent by MPAC to Corporate Services.</p> <p>The question relevant to Corporate Services are on Pages 1-8 on the memo sent by MPAC which is attached as "Annexure A"</p>
5.	<p><u>Discussion of Presentation:</u></p> <p>After the presentation of responses, the MPAC raised the following matters and further requested Management to provide POEs.</p> <ul style="list-style-type: none"> a) MPAC requests Management to provide Minutes of LLF meeting where matter of overtime and controls thereof was discussed as per oral response by Management. b) MPAC requested a copy of the Memo signed by the MM to employees in adherence to working hours as stated by the Management/Executive. c) MPAC requests a sample of a Job Card as stated in the response preferably from all Departments. d) MPAC requests a list of all vacant positions that the Municipality will fill before May 2023 as per Council Resolution taken on 27 February 2023. e) MPAC requests proof that all Labour matters are dealt with and proof that there are systems in place to motivate Council employees to perform their duties diligently. f) MPAC is of the view that the attendance registers as a control measure can be forged and requests Management to demonstrate how such a tendency could be avoided. g) MPAC requests an extract of the employees' validation process. <ul style="list-style-type: none"> (i) MPAC wanted to get a comprehensive Report in terms of supervision and reporting in the various Departments and Service Delivery Unit. (ii) MPAC wishes Management to demonstrate instances where it applied the provisions of LRA as stated in the response. MPAC requests a Portfolio of Evidence. (iii) MPAC requests a POE (List of Councilors & Employees trained as per Report). (iv) MPAC requests a sample of signed Performance Agreements (Community Services). (v) MPAC requests the list of all Draft By-Laws gazetted and the list of those By-Laws that will be prioritized for gazetting.

6.	<p><u>DATE FOR THE SUBMISSION OF PORTFOLIOS OF EVIDENCE</u></p> <p>6.1 The Chairperson of MPAC requested the MMC to send additional information and POEs to MPAC to allow MPAC to scrutinize such information and to prepare its Report to Council and recommended 10 March 2023 as that date.</p>
7.	<p><u>CLOSURE</u></p> <p>7.1 The Chairperson thanked the MMC and Acting Director for attending the meeting with MPAC.</p>

.....
Cllr. M.A. Nzimande
MPAC Chairperson

01/03/2023

Date

MSUKALIGWA LOCAL MUNICIPALITY Annexure 'f'



MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD WITH PLANNING AND ECONOMIC DEVELOPMENT HELD ON 08 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Late Arrival (Transport issues)
3.	Cllr. S.S. Cindi	Committee member	Present
4.	Cllr. M.R. Yende	Committee member	Present
5.	Cllr. M.M. Mkhalihi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Absent
8.	Cllr. J.D.A. Blignaut	Committee member	Applied for Leave of Absence
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Present

Executive and Management

No.	Name and Surname	Position	Attended /Not attended
1.	Cllr. B.G. Motha	MMC - Planning and Economic Development	Attended
2.	Ms. H. Maganya	Director - Planning and Economic Development	Attended

Support Staff: Secretariat

No.	Name and Surname	Position	Attended /Not attended
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Mr. M.M. Thabethe	Chief of Staff: Office of EM	Attended
3.	Mr. B.C. Sibeko	Manager: Office of Speaker	Attended

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> <p>1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed the MMC for Planning and Economic Development Cllr. B.G. Motha who was accompanied by Ms. H. Maganya the Director for Planning and Economic Development.</p> <p>1.2 The Chairperson informed members that the meeting was held to receive a presentation from Planning and Economic Development Department in respect of questions raised by MPAC on the content of the Draft Annual Report for 2021/2022 Financial Year.</p>
2.	<u>APPLICATION FOR LEAVE OF ABSENCE</u> <p><u>The following leaves of absence were received:</u></p> <p>2.1 Cllr. Z. Breydenbach - Had written to the Speaker on Application for Leave.</p> <p>2.2 Cllr. J.D.A. Blignaut - Had a commitment in Middleburg (Info</p> <p>Members of MPAC expressed dissatisfaction on poor attendance and participation by members of MPAC and advise the MPAC Chairperson to raise that matter with the Speaker of Council.</p>
3.	<u>PRESENTATION BY PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT</u> <p>3.1 The Chairperson invited Cllr. B.G. Motha who is MMC for Planning and Economic Development to make a presentation based on questions sent to them. He further requested members of MPAC to confirm receipt of the responses of which they did.</p> <p>3.2 Secretariat advised the meeting that the questions were sent to the Chief of Staff in the office of the Executive Mayor on 02 March 2023.</p>
4.	<u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Planning and Economic Development (Management)</u> <p>4.1 The question relevant to Planning and Economic Development appeared as Numbers 21-26 on the memo sent by MPAC which is attached as "Annexure A"</p>
5.	<u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Planning and Economic Development (Management)</u> <p>a) The question relevant to Planning and Economic Development appeared as Numbers 21-26 on the memo sent by MPAC which is attached as "Annexure A".</p>

	<p>b) After the presentation MPAC raised the following matters and further requested Management to provide POEs.</p> <p>c) That the Department in collaboration with affected Ward Councillors should be able to engage farmers for allocation of land for Human Settlement even in such privately owned areas.</p> <p>d) That most farms in Ward 11 are owned by the community (CPA) and as such it would be easy to build houses in such areas.</p> <p>e) That process towards the establishment of LED Forum must be properly handled to ensure that all interested Stakeholders participate to avoid possible disruptions.</p> <p>f) That the Department must submit to MPAC a socio-economic profile for Msukaligwa in terms of drop in Mining and quarrying as well as the causes of such trend and possible mitigation strategies.</p> <p>g) The Department must submit to MPAC a list of all existing businesses in the Municipality so that a process to discuss SLP can be initiated for the benefit of the Municipality.</p> <p>h) MPAC requested the Department to submit a database of all existing Mines within Msukaligwa Municipality. The Department must also reflect those that are exempted from SLP and those that are making contributions. This refers to those with permit and license.</p> <p>i) MPAC also requests the Department to provide a full Report on SLPs to include all projects, donations etc. Furthermore, MPAC wanted the Department to clarify the mechanisms they use to engage with Forums?</p> <p>j) MPAC requested the Department to engage SANRAL and to ensure that SANRAL provides information to all Councillors in so far as their projects in Msukaligwa are concerned.</p> <p>k) MPAC wanted the Department to clarify as to whether SANRAL does assist in fixing potholes in various Roads within the Municipality and the state of N2.</p> <p>(i) MPAC wanted the Department to provide a full Report on Majuba Rail because it appears on the Draft Annual Report.</p> <p>(ii) MPAC wanted to PED to provide a full Report on Tourism promotion and requested the Department to supply the tourist guide booklet.</p>
6.	<p><u>CLOSURE</u></p> <p>6.1 The Chairperson officially thanked the MMC for attending the session with MPAC and reminded them to submit additional information and POEs.</p>


 Cllr. M.A. Nzimande
 MPAC Chairperson


 Date

MSUKALIGWA LOCAL MUNICIPALITY Annexure 'g'



MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD WITH FINANCE HELD ON 09 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Present
3.	Cllr. S.S. Cindi	Committee member	Present
4.	Cllr. M.R. Yende	Committee member	Present
5.	Cllr. M.M. Mkhaliphi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Present
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Present

Executive and Management

No.	Name and Surname	Position	Present/Absent
1.	Cllr. E.C. Msezane	MMC for Finance	Attended
2.	Mr. P.S. Nhlabathi	CFO	Attended
3.	Ms. S.M. Phiri	Deputy CFO	Attended
4.	Ms. N. Mkhaliphi	Accountant Billing	Attended
5.	Ms. M.V. Ngwenya	Manager Credit Control	Attended
6.	Ms. R.V. Takalani	Manager: Stores	Attended
7.	Mr. V.G. Mngomezulu	Manager Assets	Attended
8.	Mr. M.A. Mapheto	Audit Committee	Attended

Support Staff: Secretariat

No.	Name and Surname	Position	Present/Absent
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Mr. M.M. Thabethe	Chief of Staff: Office of EM	Attended
3.	Mr. B.C. Sibeko	Manager: Office of Speaker	Attended
4.	Ms. T.T. Ndaba	Chief Internal Auditor	Attended

PROCEDURAL MATTERS	
1.	<p><u>OPENING AND WELCOME</u></p> <p>1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed the MMC for Finance Cllr. E.C. Msezane who was accompanied by the CFO, Deputy CFO, and all Finance Managers.</p> <p>1.2 The Chairperson informed members that the meeting was held to receive a presentation from Finance Department in respect of questions raised by MPAC on the content of the Draft Annual Report for 2021/2022 Financial Year.</p> <p>1.3 The Chairperson assured the meeting that Finance has submitted their responses and that they had attached Portfolios of Evidence.</p>
2.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p> <p><u>The following Leave(s) of Absence were received:</u></p> <p>2.1 Cllr. Z. Breydenbach - Had written to the Speaker on her Application for Leave.</p>
3.	<p><u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Finance (Management)</u></p> <p>The question relevant to Finance appeared as Numbers 21-26 on the memo sent by MPAC which is attached as "Annexure A".</p> <p>3.1 The Chairperson invited Cllr. E.C. Msezane who is MMC for Finance to make a presentation based on questions sent to them.</p>

4. DISCUSSION OF THE PRESENTATION

After the Presentation from Finance the following matters were raised:

- a) MPAC requested a comprehensive Report on the amount collected during campaign to cut off electricity to consumers owing the Municipality and those that connected illegally?
- b) MPAC requested Management to present a plan on how they will ensure that consumers account reach customers in Ermelo and all Service Delivery Units. Management advised to consider development of an App for consumers to access their statements on the Website.
- c) MPAC requested Management to provide full information on the DWS account as well as a plan to settle that matter.
- d) MPAC requested the MMC for Finance to escalate the issue of non-payment of Assessment rates by Hoerskool Ermelo to the Executive Mayor.
- e) MPAC requested Management to make efforts to ensure that consumers who qualify are registered as indigents so that the debt book can be reduced, and equitable share can increase.
- f) MPAC requested Management to provide a detailed Report on how the R8 million received from Treasury will be utilized as well as areas that will benefit.
- g) MPAC requested Management to present a full report on how the process of averaging consumers is applied.
- h) MPAC wanted Management to clarify reasons as to why other areas like Ext 34 are without water and meters, yet they are billed?
- i) MPAC requested Management to initiate a campaign that will include Councillors and official in cutting illegally connected houses and businesses.
- j) MPAC requested a report on the impact done by the service provider in cutting electricity to defaulting consumers.
- k) MPAC request proof on progress made to verify consumer data to ensure that all information is up to date.
 - (i) MPAC request a copy of the Audit Action Plan and progress on implementation thereof.
 - (ii) Management reported that only 30% of staff in Finance have Minimum requirements. MPAC wanted Management to provide reasons as to why the situation was like that

	<p>and further requested a plan from Management to assist ensure that Finance staff acquire the necessary skills.</p> <p>(iii) MPAC requested Finance to develop and submit a plan to assist ensure the transfer of skills on the development of AFS by the current service provider mentioned on Finance responses.</p>
5.	<p><u>CLOSURE</u></p> <p>5.1 The Chairperson officially thanked the MMC for attending the session with MPAC and he assured MPAC members that MPAC will submit the Oversight Report to Council on or before 31 March 2023 as required by both Council and legislation.</p>



Cllr. M.A. Nzimande
MPAC Chairperson



Date

MSUKALIGWA LOCAL MUNICIPALITY Annexure 'h'



MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE HELD WITH TECHNICAL SERVICES HELD ON 10 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Present
3.	Cllr. S.S. Cindi	Committee member	Applied for Leave of Absence
4.	Cllr. M.R. Yende	Committee member	Present
5.	Cllr. M.M. Mkhalihi	Committee member	Absent
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Present
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Applied for Leave of Absence

Executive and Management

No.	Name and Surname	Position	Present/Absent
1.	Cllr. T.C. Motha	MMC for Technical Services	Attended
2.	Mr. W. Nkosi	PMU	Attended

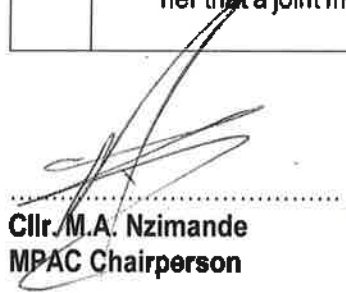
Support Staff: Secretariat

No.	Name and Surname	Position	Present/Absent
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Mr. B.C. Sibeko	Manager: Office of Speaker	Attended

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<p><u>OPENING AND WELCOME</u></p> <p>1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed the MMC for Technical Services Cllr. T.C. Motha who was accompanied by Mr. W. Nkosi from PMU Section.</p> <p>1.2 The Chairperson informed members that the meeting was held to receive a presentation from Technical Services Department in respect of questions raised by MPAC on the content of the Draft Annual Report for 2021/2022 Financial Year.</p> <p>1.3 The Chairperson expressed dissatisfaction by the non-attendance of the Acting Director for Technical Services and the fact that he has not submitted POEs to Secretariat.</p>
2.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p> <p><u>The following leaves of absence were received:</u></p> <ul style="list-style-type: none"> • Cllr. Z. Breydenbach - Had written to the Speaker on her Application for Leave. • Cllr. S.S. Cindi - Had a community issue to attend in his Ward. • Cllr. V.J. Maseko - Had a commitment in Ward 15. • Acting Director Mr. Zitha - Attended GSDM strategic Planning session. • Mr. S. Mdluli - Manager Water Services-Attending interviews. • Ms. G. Buthelezi - Manager Electricity attended interviews.
3.	<p><u>PRESENTATION BY TECHNICAL SERVICES</u></p> <p><u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Technical Services (Management)</u></p> <p>3.1 The Chairperson invited Cllr. T.C. Motha who is MMC for Technical Services to make a presentation based on questions sent to them.</p>

	<p>3.2 The question relevant to Technical Services were Numbers 15-21 on the memo sent by MPAC which is attached as "Annexure A".</p> <p>3.3 MPAC emphasized the importance of the submission of POEs to MPAC for scrutiny to all MPAC to make an informed decision.</p>
4.	<p><u>DISCUSSION OF THE PRESENTATIONS</u></p> <ul style="list-style-type: none"> a) After the presentation MPAC raised the following matters and further requested Management to provide POEs. b) MPAC requested Technical Services to provide POEs on their Repairs and Maintenance Plan for roads, water, sewer, and electricity network infrastructure. c) MPAC noted the fact that there are ongoing water problems in the Municipality and therefore requested a comprehensive plan from Technical to address water outages in areas like Everest, Thaboville in Breyten as well as Ext 34. d) MPAC requested Technical Services to investigate the possibility of connecting Everest Park from Brummer Dam and present such a report to MPAC. e) MPAC requested Technical Services to submit proof that the RBIG project will address water challenges in all affected areas as well as the completion date of that project. f) MPAC wanted information on areas where the R8 million for the installation of meters will be used. g) MPAC requested Technical Services to provide information on areas where slow SCM processes impede their response to service delivery queries and response. h) MPAC wanted a report in so far as the repairs of water trucks is concerned as well as the role of the Municipal Workshop and challenges thereof. i) MPAC requested a plan to address sewer blockages in areas like Ext 32,33 & 34. This would be in terms of replacement of the small sewer lines. j) MPAC requested Technical Services to provide a system or control mechanism to monitor whether Council employees do not perform private jobs and use Council material for such. k) MPAC requests Technical Services to provide information on the usage of information received from Contact Centre when officials are dispatched to perform specific tasks. Is there correlation between actual hours work and information at the Contact Centre?

	<ul style="list-style-type: none"> (i) MPAC requested Technical Services to provide future on the construction of Sewer Treatment Plan to complement the over utilized Sewer Treatment Plant. In the meantime, the Ext 11 sewer leakages had to be attended. (ii) The new Road in Khayelisha is poorly constructed and MPAC request information on the role of PMU when such projects are implemented. This refers to inspection and general compliance. (iii) MPAC progress on the application to DWS to connect Jericho Dam to boost Torbanite Dam. This refers to the notion of emergency pipeline. (iv) MPAC requested progress on the drilling of boreholes on farms and rural areas. (v) MPAC requests a full report on DWS feasibility study on the possible upgrade of the Water Treatment Plant.
6.	<p><u>CLOSURE</u></p> <p>6.1 The Chairperson officially thanked the MMC for attending the session with MPAC and advised her that a joint meeting with Finance will be organized to seek to attend cross cutting matters.</p>


 Cllr. M.A. Nzimande
 MPAC Chairperson


 Date

MSUKALIGWA LOCAL MUNICIPALITY Annexure 'j'



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE AND COMMUNITY AND SOCIAL SERVICES HELD ON 14 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Applied for Leave of Absence
3.	Cllr. S.S. Cindi	Committee member	Present
4.	Cllr. M.R. Yende	Committee member	Present
5.	Cllr. M.M. Mkhaliphi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Present
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Absent

Executive and Management

No.	Name and Surname	Position	Present/Absent
1.	Cllr. S.E. Ngovene	MMC for Community and Social Services	Attended
2.	Mr. M.S. Lukhele	Director Community and Social Services	Attended
3.	Mr.C.M.M.Magagula	Manager : Licensing	Attended
4.	Mr.C.Enock	Manager : Traffic	Attended
5.	Mr.S.F.Maseko	Manager : Disaster	Attended

Support Staff: Secretariat

No.	Name and Surname	Position	Present/Absent
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Mr. B.C. Sibeko	Manager: Office of Speaker	Attended

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> <p>1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed the MMC for Community and Social Services Cllr. S.E. Ngovene who was accompanied by Mr. M.S. Lukhele who is Director Community and Social Services and Managers.</p> <p>1.2 The Chairperson informed members that the meeting was held to receive a presentation from Community and Social Services in respect of questions raised by MPAC on the content of the Draft Annual Report for 2021/2022 Financial Year.</p>
2.	<u>APPLICATION FOR LEAVE OF ABSENCE</u> <p><u>The following Leaves of Absence were received:</u></p> <p>2.1 Cllr. Z. Breydenbach - Had written to the Speaker on Application for Leave.</p> <p>2.2 Cllr. Khalishwako - Reported to the Chairperson that he will join the meeting later.</p> <p>2.3 Cllr. M.R. Yende - Had other work-related commitments.</p> <p>The meeting <u>ACCEPTED</u> the Applications for Leave of Absence from members.</p>
3.	<u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Community Services</u> <p>3.1 The question relevant to Finance appeared as Numbers 27-32 on the memo sent by MPAC which is attached as "Annexure A".</p> <p>3.2 The Chairperson invited Cllr. S.E. Ngovene to make a presentation based on questions sent to them. The Chairperson informed the meeting that they will attend to one question and response at a time.</p> <p>3.3 The Chairperson requested all participants in the meeting to put their phones on silent and that he will allow them to respond to urgent calls if so required.</p>
4.	<u>Discussion of Presentation:</u> <p>After the presentation of responses, the MPAC raised the following matters and further requested Management to provide POEs.</p> <p>a) MPAC requested Management to provide a Report on the number of traffic fines issued to truck drivers for parking in Ermelo Town in the 2021/2022 Financial Year.</p>

	<p>b) MPAC requested Management to consider changing working hours for Traffic Officers deployed in Ermelo Town as a response to ongoing contraventions.</p> <p>c) MPAC requested Management to initiate engagements with all trucking companies that use streets in Ermelo town for possible assistance towards the maintenance of the largely affected streets such as Havenga and Wessels.</p> <p>d) MPAC requested Management to outline the impact of SANRAL ring-road towards the elimination of traffic in Ermelo town.</p> <p>e) MPAC requested Management to advise the truck drivers to existing utilize Truck-Stops facilities in Ermelo because they are reported to have facilities such as shops, security, and rooms.</p> <p>f) MPAC requested a POE in so far as the Tender process to appoint a service provider for the collection of traffic fines is concerned as well as details on how such a service will assist the Municipality.</p> <p>g) MPAC requested Management to implement joint operations with SAPS to deal with the flow of trucks in Ermelo town.</p> <p>h) MPAC requested Management to provide a copy in the Disaster Management Act where the role and mandate of Local Government is highlighted.</p> <p>i) MPAC requested Management to provide a full report on the state of fleet in the Department as well as confirmation that the truck used to respond to chemical incidents will be fixed.</p> <p>j) MPAC rejected Management response in so far as Sport is concerned and order Management to recraft their responses in that regard. MPAC is of the view that Sport Development resides in Community Services and as such it must report on it.</p> <p>k) MPAC requested Management to provide proof of letters written to both CoGTA and GSDM in so far as the purchase of fire-trucks is concerned.</p> <p>l) MPAC requested Management to provide a report in so far as the maintenance and general state of sports facilities in all Wards/Service Delivery Units is concerned.</p> <p>m) MPAC requested Management to ensure that dumping sites are operated in terms of relevant and applicable legislations to avoid lawsuits.</p> <p>n) MPAC noted that there are transfer stations in areas like Chrissiesmeer and Lothair and requested Management to submit proof that solid waste from the transfer stations is collected/transferred to Ermelo.</p>
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	<p>o) MPAC requested Management to initiate Awareness Campaigns in all Wards to educated society on the negative impact of illegal dumping.</p> <p>p) MPAC requested Management to share a plan on how refuse will be collected in the various Units of the Municipality.</p>
5.	<p><u>DATE FOR THE SUBMISSION OF PORTFOLIOS OF EVIDENCE</u></p> <p>5.1 The Chairperson of MPAC requested the MMC to send additional information and POEs to MPAC to allow MPAC to scrutinize such information and to prepare its Report to Council.</p>
6.	<p><u>CLOSURE</u></p> <p>6.1 The Chairperson requested the MMC to assist ensure that POEs for all matters discussed are submitted to MPAC to allow MPAC to scrutinize them and submit a report to Council.</p>



 Cllr. M.A. Nzimande
 MPAC Chairperson



 Date

MSUKALIGWA LOCAL MUNICIPALITY Annexure 'J'



MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE WITH TECHNICAL SERVICES AND FINANCE HELD ON 14 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Attended /Not attended
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Absent
3.	Cllr. S.S. Cindi	Committee member	Present
4.	Cllr. M.R. Yende	Committee member	Present
5.	Cllr. M.M. Mkhalihi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Present
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Absent

Support Staff: Secretariat

No.	Name and Surname	Position	Present/Absent
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended
2.	Mr. M.M. Thabethe	Chief of Staff: Office of EM	Attended
3.	Mr. B.C. Sibeko	Manager: Office of Speaker	Attended

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u>
	1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed Technical Services and Finance delegation that was led by the members of the Mayoral Committee. Both the CFO and the Acting Director Technical Services and Managers attended the session.

	<p>1.2 The Chairperson informed the meeting that the joint meeting was initiated to deal with cross cutting matters and as a response to matters raised by MPAC on the content of the Draft Annual Report for 2021/2022 Financial Year.</p> <p>1.3 The Chairperson informed the meeting that POEs from Finance were received and regrettably noted that Technical Services did not send their POEs to MPAC Secretariat.</p>
2.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p> <p><u>The following Leaves of Absence were received:</u></p> <p>2.1 Cllr. Z. Breydenbach - Had written to the Speaker on Application for Leave.</p> <p>2.2 Cllr. Khalishwako - Had other commitments.</p>
3.	<p><u>Draft Annual Report: 2021/22 Financial Year: Presentation of Responses by Finance and Technical Services</u></p> <p>3.1 The follow up questions sent to Finance on 10 March 2021 were used and attached as “ Annexure A”.</p> <p>3.2 The MMC made a presentation and provided responses to all questions sent by MPAC to Finance.</p>
5.	<p><u>DISCUSSION OF PRESENTATION: FINANCE AND TECHNICAL</u></p> <p>After the presentation of responses, the MPAC raised the following matters and further requested Management to provide POEs.</p> <p>a) MPAC requested Management to correct the issue of R1 million stated under repair and maintenance to specify it as a co-funding to Department of Human Settlements for infrastructure development.</p> <p>b) MPAC requested Management to provide progress report in addressing 27 SCM issues raised by Internal Audit Unit as per their report.</p> <p>c) MPAC requested Finance to provide the list of all service providers appointed for supply and delivery of materials used by Technical Services.</p> <p>d) MPAC requested Management to provide reports on criminal cases opened because of breaking in at the Stores as well as a statement to ensure that Council appointed Security company takes responsibility for such incidents.</p> <p>e) MPAC requested Management to provide a full report on the most recent burglary at stores as well as the financial implications thereof.</p>

	<p>f) MPAC requested a list of all staff members at the Municipal Workshop as well as their role in terms of Council Fleet maintenance.</p> <p>g) MPAC requested both Finance and Technical Services to strengthen supervision in all service delivery units.</p> <p>h) MPAC requested Technical Services to submit information on EPWP participants in the Department.</p> <p>i) MPAC will engage the office of the Municipal Manager on the functioning of the Contact Centre as well as shortage of tools of trade to support the system.</p> <p>j) MPAC requested Technical Services to provide a plan to assist ensure back up at the Contact Centre in cases of loadshedding and load reduction.</p> <p>k) MPAC requested Finance to fast-track the appointment of service providers to enhance service delivery.</p> <p>l) MPAC reminded Technical that PMU was located in Technical Services for the period under review and as such a full report on the implementation of projects was required.</p> <p>m) MPAC will visit Ext 6 road project as well as the Boxer intersection as part of Oversight exercise.</p>
6.	<p><u>DATE FOR THE SUBMISSION OF PORTFOLIOS OF EVIDENCE</u></p> <p>6.1 The Chairperson of MPAC requested the MMCs to send additional information by 22 March 2023.</p>
7.	<p><u>CLOSURE</u></p> <p>7.1 The Chairperson requested the MMC to assist ensure that POEs for all matters discussed are submitted to MPAC to allow MPAC to scrutinize them and submit a report to Council.</p>

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Cllr. M.A. Nzimande
MPAC Chairperson

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Date

MSUKALIGWA LOCAL MUNICIPALITY Annexure 'k'



MINUTES OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE WITH THE AUDITOR-GENERAL, AUDIT COMMITTEE, INTERNAL AUDIT, MUNICIPAL MANAGER HELD ON 23 MARCH 2023 AT 10H00 IN THE COUNCIL CHAMBERS.

Councillors: Members of MPAC

No.	Name and Surname	Position	Present/Absent
1.	Cllr. M.A. Nzimande	Chairperson	Present
2.	Cllr. S.P. Khalishwako	Committee member	Applied for Leave of Absence
3.	Cllr. S.S. Cindi	Committee member	Present
4.	Cllr. M.R. Yende	Committee member	Present
5.	Cllr. M.M. Mkhalihi	Committee member	Present
6.	Cllr. Z. Breytenbach	Committee member	Applied for Leave of Absence
7.	Cllr. P.H. Sibiya	Committee member	Present
8.	Cllr. J.D.A. Blignaut	Committee member	Present
9.	Cllr. T.P. Zulu	Committee member	Present
10.	Cllr. V.J. Maseko	Committee member	Absent

Support Staff: Secretariat

No.	Name and Surname	Position	Attended /Not attended
1.	Mr. M.G. Zulu	Manager: Secretariat	Attended

Management :

NO	DESCRIPTION
	PROCEDURAL MATTERS
1.	<u>OPENING AND WELCOME</u> 1.1 The Chairperson of MPAC Cllr. M.A. Nzimande declared the meeting officially opened and welcomed Mr. Mapheto a member of the Audit Committee and a representative from the office of the Auditor-General who were connected virtually.

	<p>1.2 The Chairperson informed the meeting that the Municipal Manager and Acting Director Technical Services will join the meeting to deal with outstanding matters from Technical Services.</p>
2.	<p><u>APPLICATION FOR LEAVE OF ABSENCE</u></p> <p><u>The following leaves of absence were received:</u></p> <p>2.1 Cllr. Z. Breydenbach - Had other commitments.</p> <p>2.2 Cllr. S.P.Khalishwako-Applied for Leave of Absence.</p> <p>The meeting expressed a concern on the non-attendance to meetings by some members of MPAC and urged the Chairperson to raise that matter with the Speaker of Council.</p>
3.	<p><u>PRESENTATION BY THE OFFICE OF THE AUDITOR-GENERAL</u></p> <p>3.1 The representative from the office of the Auditor-General made a brief overview on the AG Report to Msukaligwa for the 2021/2022 Financial Year.</p> <p>3.2 The office of the AG emphasized the critical role of MPAC in so far as the investigation of UIF & W is concerned.</p> <p>3.3 The AG recommended to both the Municipality and MPAC the revival of Disciplinary Board to assist with investigation of UIF & W.</p> <p><u>PRESENTATION BY THE MEMBER OF THE AUDIT-COMMITTEE</u></p> <p>3.1 The importance of sound financial position and Revenue Enhancement was emphasized.</p>
4.	<p><u>PRESENTATION BY THE MUNICIPAL MANAGER</u></p> <p>The Chairperson welcomed the Municipal Manager and Acting Director Technical Services and requested the Municipal Manager to address MPAC on matters directed to Technical Services and subsequent failure to submit POEs.</p> <p>The Municipal Manager apologized for the delay and advised MPAC that he had all POEs requested by MPAC.</p> <p>The Municipal Manager advised MPAC that he will respond to all issues including those that fell out of the Financial Year under review and in terms of the Check-List provided by MPAC.</p>

5.	<p>a) The response highlighted the following matters :</p> <p>b) Management has started the process to strengthen Service Delivery Unit and that a Manager has been appointed for Breyten.</p> <p>c) Management will strengthen Management and supervision in the various Service Delivery Units.</p> <p>d) The list of EPWP participants appointed will be submitted and those deployed in Technical Services will be highlighted.</p> <p>e) Management is looking at a system to invest in own fleet to enhance the delivery of services to communities.</p> <p>f) The Municipality has budgeted only 1% out of its budget which was an unacceptable norm.</p> <p>g) Water is now available in Breyten particularly those street that did not have water for the past seven months and that the RBIG project will increase capacity to ensure that Thaboville in Breyten is consistently supplied with water.</p> <p>h) The Municipality has received R8 million towards installation of water and electricity meters and is not enough to cover all households and that big water and electricity will be prioritized in terms of meters installations.</p> <p>i) Management is looking at means to properly utilize Council mechanics as well as possible centralization of workshops.</p> <p>j) Management has provided gadgets to support the Work-Wide system at the Contact Centre.</p> <p>k) The Municipality through CoGTA is attending to distribution losses and will develop a mechanism to reduce it.</p> <p>l) Management is investigating possible tapping on water infrastructure by mines and private people.</p> <p>m) Proposals to attend the sewer blockages have be made and will be processed accordingly.</p>
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6.

CLOSURE

The Chairperson officially thanked the MM and Acting Director for attending the meeting and informed him that he thought it would be proper to engage Management before the Final Oversight Report is presented in Council on 30 March 2023.

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Cllr. M.A. Nzimande
MPAC Chairperson

23.10.2023
Date



MPAC QUESTIONS

CORPORATE SERVICES

NO.	QUESTION	MANAGEMENT RESPONSE	MPAC ACTION
1.	The Draft Annual Report SDBIP implementation under Human Resources specifically deals with the reduction of overtime and the Report indicates that overtime is not properly managed. Does Executive/Management have a plan to reduce the payment of overtime? If yes can MPAC be furnished with such a plan or strategy?	<p>The municipality is in the process of developing a plan and or strategy to reduce overtime but has taken some steps to minimize overtime by limiting it mainly to service delivery department providing essential services.</p> <p>The LLF meeting was held on 02 March 2023 wherein this matter was discussed.</p>	Satisfied with response and POE.
2.	Does the Municipality have a system or tool to monitor Council employees and ensure that they are productive in their eight hours of work in the various Service Delivery Units? If yes can the Executive present such a system or tool.	<p>There are various tools that the municipality utilizes to monitor that employees are productive in their eight hours of work. These tools are: -</p> <ul style="list-style-type: none"> a) Attendance registers b) Minutes of Monthly meetings c) Job cards issued for work to be performed. d) Monthly reports submitted to S.80 committees. e) Quarterly, biannual, and annual performance reports submitted to Council. f) Activity plans between immediate superior and subordinates. 	The memo signed by the Municipal Manager was received and MPAC is satisfied with response.

3.	<p>in Chapter 4 on Organizational Development Performance: Employees Totals, Turnover and variance it is clear that the Municipality has many vacant positions which in our view can result in poor delivery of services to communities. Can Management provide the approved organograms to highlight all vacant and budgeted for positions and reason why such positions are not filled?</p>	<p>The approved organogram was adopted by Council on 30 May 2022 in terms of Council Resolution LM102/05/2022 enclosed.</p> <p>The filling of vacancies by the municipality is dependent on whether the positions are funded or not.</p> <p>The municipality is still consulting and assessing with directorates which vacant critical positions it will be filling before May 2023.</p> <p>The municipality regularly has face to face meetings with labour if there is a need or request as well as through the LIF meetings to resolve or discuss labour matters. The municipality held a Wellness Day on 25 November 2023 to motivate its employees and Councillors.</p> <p>The public notice on the closure of municipal offices and invitation to all employees to the Wellness Day is enclosed</p> <p>Each Director is responsible for the signing of attendance register and these are signed by the Directors. For those who work outside of the offices the supervisor's are responsible for signing of attendance registers of these employees. The municipality is not aware of forgery alluded to in the attendance registers</p>	<p>MPAC is satisfied with the responses and POEs</p>
4.	<p>Page 15 of the Report indicates that an Employee Validation process was undertaken by the Municipality. MPAC wishes to know who was delegated to perform that function and which process was followed? Was it done by an independent institution or Msukaligwa Management?</p>	<p>The internal audit unit and the Auditor General conducted the validation.</p>	<p>MPAC is proposing that Employee Validation should be conducted by independent institution</p>
5.	<p>Page 76 of the Report provides information on the types of leave taken by employees. MPAC wishes to know whether the Municipality has a Leave Management system and that how does the Municipality monitor absenteeism at work</p>	<p>Currently the municipality manages its leave through PAY DAY System, the employees apply manually for leave and all the leaves applications are captured on the PAY DAY System.</p>	<p>MPAC received information that Council employees went on a go slow as a result of non-payment of overtime and Management is aware of that.</p>

	and how does it deal with unprotected strikes or industrial action?	<p>Management of absenteeism is the function of immediate superior through monitoring of attendance register etc.</p> <p>Unprotected strike is managed through the provision of LRA and collective agreement.</p> <p>The municipality has not experienced an unprotected strike in the past three years in the municipality and therefore has not implemented the LRA and Collective Agreement provisions.</p>	MPAC is not satisfied with the response that suggest that there were no issues between Management and Labour
6.	<p>Page 79 of the Report deals with Skills Development and Training and the observation by MPAC is that the Municipality does not prioritize Skills Development and Training for both Councilors and officials. Can Management provide a comprehensive list of all those that received training? Does the Municipality have a budget for Skills Development and Training? If yes how much was it?</p>	<p>Management is prioritising Skills Development and Training for both Councilors and Officials and this can be substantiated by the fact that this Council considered and approved the Workplace Skills Plan which covers the training of both Councilors and Employees on 30 May 2022 in terms of Council Resolution LM 106/05/2022.</p> <p>The municipality does have a budget for skills development and training obtained through the mandatory and discretionary grant obtained from the Local Government SETA. The municipality further provided bursaries to some of its employees. The budget for skills development and training was R 539 328.88 and for the Bursaries its R250 000.00</p> <p><u>List of training received.</u></p> <ul style="list-style-type: none"> a) Legal Cost Training b) Fire and Rescue Operation c) Prolaser Machine d) Municipal Financial Management Programme e) Road Work Construction f) Integrated Development Programme g) Performance Management Training h) Safety Rep Training i) Fire Mashal training j) First Aid Training 	MPAC is satisfied with response and POE.

7.	The Draft Annual Report highlights the cascading of PMS to all Occupational Level. Is there any progress on cascading PMS to all occupational levels? If yes can Administration provide a progress report to that effect?	<p>The municipality is in the process of cascading it has begun the process by first seconding two officials from HR to be responsible for IPMS. However, the department of Community and Social Services has taken the lead in this respect with all of the managers who have signed their Performance Agreements.</p> <p>Other departments are following this and are expected to have signed by the end of the quarter. The municipality is gearing itself that even though CoGTA deferred the implementation of PMS in the Municipal Staff Regulations until 01 July 2023 it will implementing PMS before this date.</p>	MPAC is satisfied with the response and recommends to Management that PMS must be cascaded to all Occupational Levels.
8.	Page 25 of this Report states that By-Laws have not been gazetted due to financial constraints. Are there plans to source funding for gazetted By-Laws and if yes what are those plans?	The municipality has been funded by CoGTA for the gazetted of four By-Laws and will again request for financial support for the other outstanding By-Laws	Satisfied with response and POE.

FINANCE

NO.	QUESTION	MANAGEMENT RESPONSE	
1.	On page 24 under SOBIP Revenue Management and Credit Control the Municipality has not succeeded in reducing the debt book. Does the Municipality have a plan to reduce the debt book and creditors and if yes what kind of interventions will be made?	Currently the municipality is enforcing the Credit Control Policy. A targeted approach is implemented and focusing on Businesses and Government Debt. The municipality is a process to distribute accounts to all consumers. ESKOM repayment plan was approved by Council and signed by ESKOM.	MPAC is satisfied with the response
2.	On page 24 of the Draft Annual Report, Administration reported cash flow challenges due to factors such as distribution losses, illegal connection etc. The Report further states that a Financial Recovery Plan was developed and its being implemented. Is the implementation of the FRP effective enough and has it yielded any positive results to our cash flow situation? If no what else can Management do to improve our cash flow situation?	The FRP is not yielding the expected results as the municipality cashflow is still an issue, however the municipality is implementing Cost Curtailment strategies. National COGTA is assisting the municipality in terms of water cost of supply and revenue enhancement strategies	MPAC is satisfied with the response

3.	The Draft Annual Report under topic Website indicate that supply chain management contracts above a prescribed value (give value) for 2021/2022 are not posted on the website. Are there specific reasons why these contracts are not posted on the website? if not how soon can Management ensure that such contracts are posted	The 2021/2022 awards were not published on the Municipal Website. A new Website was developed all awards for the 2022/23 will be published on the Website before end March 2023.	MPAC noted the response and will make a follow up with Finance by end of March 2023
4.	Does the Municipality have a process to respond to findings raised by the Auditor-General in her Report to Msukaliywa Municipality? Are recommendations of the Audit Committee implemented and if yes can Management provide a full report in that regard?	In terms of S131 of the MFMA a municipality must address any issues raised by the Auditor-General in an audit report. Auditor General issued 78 Communication of Audit Findings. An Audit Action plan was developed and presented to Audit Committee	MPAC is satisfied with the response
5.	The municipality engaged the services of consultants to assist in dealing with findings identified by the Auditor General pertaining to administrative governance as well as compilation of the AFS (Page 19) How much is the Municipality paying the private consultants? Do we have a plan to insource such function given the fact that the Municipality has now appointed a CFO?	The municipality appointed EMS at a tendered amount of R7,382,932.39 for a period of 36 months to update the municipal Fixed Asset Register and BDO at a tendered amount of R6,924,478.26 for a period of 36 months to compile Annual Financial Statements. The two contracts are ending on the 31st of July 2023. The municipality will develop a plan to compile the AFS internal.	MPAC recommends that the Municipality must build internal capacity to assist in the compilation of AFS and GRAP compliant Fixed Asset Register
6.	On page 92 there is a diagram depicting a 4.5% in 2017/18 Financial Year and 1.5 % in the Financial Year under review. Can Management explain this trend? Does the Municipality budget enough money for repair and maintenance? if yes can the actual figures be provided?	The total budget for repair and maintenance is R6,989,595.7	MPAC is satisfied with the response. (Detailed on POE)

TECHNICAL SERVICES

NO.	QUESTION	MANAGEMENT RESPONSE	MPAC ACTION
1.	On page 92 there is a diagram depicting a 4.5% in 2017/18 Financial Year and 1.5 % in the Financial Year under review. Can Management explain this trend? Does the Municipality budget enough money for repair and maintenance? if yes can the actual figures be provided?	The total budget for repair and maintenance is R6,989,595.7	MPAC is satisfied with the response. (Detailed on POE)

2.	Msukaligwa Municipality like all Municipality is affected by loadshedding. What impact does loadshedding have on the delivery of services to the community? Does the Municipality have a plan to deal with it?	<p>Msukaligwa Local Municipality is negatively affected by the load shedding like any other municipality. There is continuous interruption on the water supply leaving some of the communities without water. This affects both operations of water and wastewater treatment plants.</p> <p>Some of the plants have backup generators that kick in when there's load shedding but there are those who still does not have them, they are:</p> <ul style="list-style-type: none"> a) Torbanite pump station b) Lothair WWTW c) Impuluzi River d) KwaZanele WWTW e) Davel WWTW 	MPAC is satisfied with responses
3.	In page 12 under service delivery, it is mentioned that Nganga in Warburton have sewer reticulation completed but not connected due to water supply. Is there progress in so far as the provision of water is concerned?	Cluster 2 – Breyten of the RBIG funded project is going to address water shortages in Breyten, Chrissiesmeer, Lothair and Warburton.	The POE for RBIG project is not include on the list received from Technical Services
4.	The Report states that there are challenges with water bourne toilet system. What are those challenges and are there plans to address such challenges?	<p>This system requires that households to be clustered together for it to be implemented, at least 4 households close together.</p> <p>The system also uses solar powered pumps for circulation of treated water and these are prone to theft and in some cases disconnected and used for a different purpose.</p>	MPAC noted the response
5.	There are reports that members of the community are left without water for days in the various Service Delivery Units of the Municipality. Are there specific projects and plans to ensure constant water supply to communities?	RBIG funded Cluster 2 project mentioned above seeks to address these issues.	The POE for RBIG project is not include on the list received from Technical Services
6.	Heavy rain and floods have affected access roads in many farms and a such services such as health and education are hampered. Does the Municipality have capacity to gravel roads in the various farms?	The Municipality does not have capacity to re-gravel the roads damaged by floods.	MPAC noted the response

		The institution is heavily relying on the Municipal support programme by GSDM and their fleet is currently not functioning. Msukaligwa can only be assisted in April if everything goes well.	
7.	Is it possible for Technical Services Department to explore water sources to avoid possible water outages in future?	Other sources such as boreholes and windmills can only be used as a small-scale water provision alternative, solely because of the groundwater availability. Areas such as Sheepmoor and Warburton are proof that these mechanisms are unreliable, hence the recent interventions.	MPAC noted the response

PLANNING AND ECONOMIC DEVELOPMENT

NO.	QUESTION	MANAGEMENT RESPONSE	MPAC ACTION
1.	Page 41 of the Report deals with Human Settlement and the role that the Municipality play. Are there any programs to build houses on farms and rural areas particularly those affected by floods and other forms of disasters?	Housing allocation is determined by the Department of Human Settlements. The Department has focussed much on providing houses within proclaimed areas and Prioritised Housing Development Areas; however, the Municipality has submitted a request to the Department to consider farms and rural areas under the Rural Housing Programme. It is however worth mentioning that the Municipality has not received any feedback from the Department on this regard.	MPAC is satisfied with the response
2.	Page 51 of the Report deals with Local Economic Development and all matters related to that. Can Executive/Management provide a progress report on the establishment of the LED Forum?	A training for all councillors on the establishment of the LED Forum was conducted on the 06 th of September 2022 with the assistance from COGTA and SALGA. Draft Terms of Reference for the LED Forum were approved by Council on the 27 th of October 2022 (LM 257/10/2022). A call for nomination of at least one member (from the different community groups) to serve on the LED Forum was advertised. Eleven groups send through their nominations and letters of acknowledgment have been issued. The call for nomination has been extended with seven days opening from the 06 th of March and closing on the 15 th March 2023.	MPAC is satisfied with the response

3.	Page 51 states Mining and quarrying in the District dropped from 11,8% in 2020/21 to 5,6 % in 2021/22 Financial Year. Is the depicted picture correct and where do we locate Msukaligwa in this picture?	The depicted picture is correct; however, it is anticipated that there will be growth in the mining sector within Msukaligwa Local Municipality due to the establishment of the new mines namely BCR Coal and GRAMATIKOS Construction.	MPAC is satisfied with the response
4.	Page 53 of the Report states N/A on projects implemented through SLP. Are there no projects implemented by Mines or other businesses in the Municipality? If the answer is yes, where do we locate projects such as Library and Community Hall in Chrissiesmeer?	The projects funded through the SLP in the 2021/22 financial year will be included in the Final Annual report. Table T3.11.7 has been revised to accommodate the projects funded through Social Labour Plans in 2021/22 financial year.	The list of such projects not included on POE
5.	Is there any progress in so far as SANRAL ring-road, Majuba rail and railway to link South Africa and Swaziland? If yes can Management provide a full report to MPAC?	There is no progress yet, from the last site meeting held with SANRAL on the 04 th of February 2022 at Ermelo Inn, the progress given was that SANRAL is busy with Social Compact Study and Public Participation process and the process of appointing an engineer to develop the designs will follow thereafter.	MPAC is satisfied with the response
6.	Page 107 of the Report reflects numerous Committees including LED and Tourism Committee. What interventions does PED as a Department and the Committee have on promotion of tourism in areas like Chrissiesmeer?	The department has taken an initiative to promote Tourism within the whole of Msukaligwa Local Municipality. The department has started the process of tourism marketing through a coordinated approach with the Gert Sibande District Municipality at the premier tourism marketing event (Tourism Indaba).	MPAC is satisfied with the response

COMMUNITY AND SOCIAL SERVICES

NO.	QUESTION	MANAGEMENT RESPONSE	MPAC ACTION
1.	It is evident that trucks are passing in Ermelo town which puts a strain on roads in Ermelo town. Does Management have to control and monitor the movement of trucks? If yes can that plan be shared with MPAC?	The Traffic Section is conducting truck operations 4x a month being a) the officers start at 04h00 in the morning issuing tickets fine, if trucks are found in town b) From 15h00 - 23h00 issuing tickets fine to truckers found in town.	MPAC is satisfied with the response
2.	The Reports under Disaster highlights the shortage of staff and budget constraints as factor that limit our intervention in cases of disasters such as floods and fire. Are there future plans to improve our response in such incidents?	2x positions of Control Room Operators were filled, however other budgeted positions will be filled in a staggered manner. Budget constraints is still a challenge; however, we have a MOU with the District and the Provincial Office with regards to assistance.	MPAC is satisfied with the response

3.	The Number of traffic officers on duty on any average day is 10. Do we have enough vehicles for these traffic officers, and do they conduct operations in all service delivery unit?	No, the traffic officers in traffic section is insufficient and section is chronically of traffic officers and at present there's 10 traffic officers sharing 4 vehicles and as a result there is a shortage of vehicles to perform traffic duties in all service delivery units.	MPAC is satisfied with the response
4.	Your report states that currently the Fire service does not have any reserve fire trucks to be used as front-line runners should any one of the current fire trucks breaks down. Does the Municipality have a plan to procure fleet for this Section to avoid interruption of the services?	The Municipal Manager already submitted 3 correspondence letters to Gert Sibande District Municipality and CoGTA Mpumalanga. A letter for finding assistance will be drafted in due course to National CoGTA to request funding assistance in this regard.	MPAC is satisfied with the response
5.	One of the functions of the Department is sport development. Are there future plans to revive sport as part of social cohesion programme? If yes what are the plans?	The function of sport development was placed in the office of the Executive Mayor and the department is only managing sport facilities.	MPAC rejects the Report that Sport was placed in the office of the EM and challenges Management to provide a Council Resolution to that effect.
6.	In page 38 the Report indicates that the department manages landfill sites. How many licensed landfill sites do we have and are they properly managed? If so why are members of the community not accessing them easily?	The Municipality operates two licensed landfill sites at Ermelo and Breyten. Over the past three years Msukaligwa was receiving excessive rainfall which caused the landfill site to be wet such that vehicles and the yellow fleet was getting stuck. The access road to the landfillsites was severely damaged, which resulted in waste being stocked outside the landfill site. As the weather dries up waste is being brought inside the landfill site is accessible. The Breyten landfill site is not fenced and there is no access control, although there is enough space inside the landfillsite.	MPAC warns Management to manage landfill site in terms of relevant and applicable legislation.

OFFICE OF THE MUNICIPAL MANAGER

NO.	QUESTION	MANAGEMENT RESPONSE	MPAC ACTION
1.	Are the findings of the Auditor-General addressed and if yes can Management provide a comprehensive Report to demonstrate that? (This could be in a form of an Action Plan)	Action Plan on issues raised by the AG developed	MPAC is satisfied with the response
2.	Page 24 of the Report deals with Fraud and Corruption Management. Does the Municipality have an Internal Hotline to report cases of Fraud and Corruption? If no can Management be advised to prioritize it.	No, the municipality does not have an internal hotline. The municipality relies on or uses the national and provincial hotline for reporting of fraud and corruption related activities.	MPAC is satisfied with the response
3.	The Report states that the AG findings are 78 for the current Financial Year. Are the figures correct if you add the findings per Department as stated on the Report?	The findings are 78 as per AG Report	MPAC is satisfied with the response
4.	Are there findings from the Internal Audit Unit implemented and if yes can Management provide information to substantiate that?	Yes, the findings are implemented but the percentage of those implemented is very low...	MPAC is satisfied with the response
5.	Billing is certain part of the Municipality remains a challenge. Does the Municipality have plans to install meters in areas that did not have meters?	Technical has responded to that basic its response on CigiCell report.	MPAC is satisfied with the response
6.	Some KPI for this Financial Year have not been achieved. Does the Municipal Manager have a plan to ensure that all set KPIs are implemented without fail?	Revisiting the KPI's with the respective directorates to determine the impediments. Remedial actions will have to provided so as to pave a wayforward.	MPAC is satisfied with the response

VOLUME VI

COUNCIL RESOLUTIONS



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CORPORATE SERVICES DEPARTMENT

Certified Council Resolution

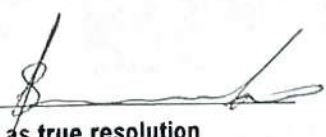
7TH Ordinary Council Meeting: March 30, 2023 under:

LM 371(a)/03/2023

A-282 COUNCIL RESOLUTION: MSUKALIGWA LOCAL MUNICIPALITY ANNUAL REPORT FOR 2021/2022 FINANCIAL YEAR

RESOLVED AS FOLLOWS:

1. That Council **NOTED** the Report of the Executive Mayor regarding the tabling of the Annual Report for the 2021/2022 financial year in terms of Section 121 of the Municipal Financial Management Act (MFMA), Act No.56 of 2003.
2. That Council **CONSIDERED** the Annual Report of the Municipality in terms of the provisions of Section 129 of the Municipal Finance Management Act, Act No. 53 of 2003.
3. That Council **APPROVED** the 2021/2022 Annual Report for Msukaligwa Municipality submitted at its Council meeting on 27 January 2023 in accordance with Section 129 of the Local Government: Municipal Finance Management Act, No.53 of 2003 (MFMA) **without reservations**.
4. That in accordance with Section 21 A of the Municipal Systems Act No.32 of 2000 as amended, the Accounting Officer of the Municipality must:
 - (a) Make public the Annual Report;
 - (b) Submit the Annual Report to the Auditor General, the relevant Provincial Treasury and the Provincial Department responsible for the Province (Cogta).


Certified as true resolution
Acting Speaker of Council
Cllr S.P. Khalishwako

30 March 2023

Date