2023/2024

Contents

DIPALESENG LOCAL MUNICIPALITY

2023/24

ANNUAL PERFORMANCE REPORT

Compiled in terms of section 46 of Municipal System Act of 2000 – amended in 2003.

DRAFT ANNUAL REPORT

DIPALESENG LOCAL MUNICIPALITY.

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COMPONENT A: MAYOR'S FOREWORD

EXECUTIVE MAYOR'S FOREWORD



Cllr N.B. Khanye
Executive Mayor of Dipaleseng Local Municipality

We have come to the end of the 2023/2024 financial year for Dipaleseng Local Municipality, and I am pleased to present this Annual Performance Report for the year under review. This report highlights our successes and challenges in fulfilling our political mandate as guided by the seven development objectives outlined in our Integrated Development Plan (IDP).

During the year under review, successful national and provincial elections were conducted on the 29th May 2024 which was testimony of the maturity of our democracy. These elections resulted in our former Executive Mayor; Councllor K.B. Moeketsi being elected to the Mpumalanga Provincial Legislature and subsequently appointed as the Member of the Executive Committee (MEC) responsible for the Department of Social Development. Her departure marked a chapter for her political career, and the Dipaleseng Council and community wished her well in her new role. In response, the Dipaleseng Council also proudly welcomed Councillor N.B. Khanye as the new Executive Mayor on the 25th July 2024.

Dipaleseng Local Municipality has made sustained efforts to achieve the objectives set out in the IDP, which include initiatives in stormwater and road infrastructure, sanitation, water supply, electrification, and other critical areas of community development.

It is important to acknowledge the Municipality's significant achievements in delivering critical infrastructure projects such as roads, bridges, electrification, and other community development initiatives. These projects remain pivotal to our ability to provide basic services and infrastructure to our residents. Despite facing considerable financial constraints, the Municipality maintained operations and demonstrated resilience in addressing service delivery challenges, which inevitably impacted its performance during the year under review.

As of 30 June 2024, progress has been made in the all areas of service delivery which culminated to the successful completion of storm damaged roads and construction of Dludlu Street, the acquisition of two new solid waste trucks and two law enforcement vehicles, the completion of 400 housing top-structures of the 1 200 houses in Ridgeview, the completion of the electrification of 1 200 households in Ridgeview, construction of 4km MV overhead lines to Ridgeview, issuing of 355 title deeds in Ridgeview, construction of two boreholes in Greylingstad and Ridgeview, a new Early Childhood Development Centre in Ridgeview and the completion of the Bulk Water Scheme projects which included the upgrading of the Fortuna Water Treatment Works to a 19,5 ml/day plant and 5 water reservoirs and bulk water lines linking Balfour, Grootvlei and Greylingstad, the installation of a standby diesel generator at the Siyathemba Reservoirs and the upgrading of the Siyathemba Sewer Pump Station.

With our revenue mainly derives from property rates, the sale of electricity, refuse collection charges and other grants, we will continue to encourage communities, to pay for the services they consume, whilst also strengthening our assistance to those who are indigent and the poorest of the poor. The municipality is also concerned by the various government departments and businesses who are owing the municipality huge amounts of monies, and the municipality would be taking drastic steps as part of the recovery of these monies which would then assist the municipality in terms of service delivery.

These efforts underscore our commitment to prioritizing service delivery and improving the quality of life in our communities.

Our aim is to also achieve a clean audit, and the current Council strives relentlessly in its goal to ensure the Dipaleseng Local Municipality continuously improving to be the best municipality with our people having access to all basic services.

On behalf of the Dipaleseng Municipal Council and Officials, I hereby present this Draft Annual Report for the Year 2023/24 financial year.

_____

Cllr N.B. Khanye
Executive Mayor of Dipaleseng

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW



Mr. L. Cindi
The Municipal Manager of Dipaleseng of Local Municipality

Dipaleseng Local Municipality, being a category B municipality, situated in the Gert Sibande District in Mpumalanga, is one of seven municipalities within the district. The municipality was established on the 05th December 2000 after the amalgamation of three former Transitional Local Councils, namely Balfour, Grootvlei and Greylingstad. Dipaleseng Local Municipality, as the third sphere of government that is closest to the communities requiring service delivery, takes pride in its efforts to provide much needed reliable and efficient services to the people of the Dipaleseng Local Municipal area.

The municipality does not have any entities under its control. Shared powers and functions related to environmental health inspections and water laboratory tests are undertaken by the Gert Sibande District Municipality. Sector Department functions that are being shared with the municipality includes vehicle and license services are being provided by the Department of Community, Safety, Security and Liaison.

In terms of Section 121 of the Municipal Finance Management Act No (56 of 2003), which requires the municipality to compile an Annual Report for the year under review which is the 2023/24 financial year. The main purpose of this report is to provide a record of the activities for the 2023/24 financial year, to report on performance against the budget for the financial year reported on, and to promote

accountability to the local community for the decisions made throughout the year in improving the lives of the community through service delivery.

The report reflects on the performance of the Dipaleseng Municipality for the period of 01 July 2023 to 30 June 2024. The layout of the annual report is prepared in terms of Section 121(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in terms of which the municipality must prepare for each financial year.

The Annual Report comprises six chapters with the following broad overview:

Chapter 1: An overview of the municipality's overarching strategy, accountability processes, social and demographic profile, and key highlights and challenges regarding finance, institutional transformation, and key basic service delivery.

Chapter 2: Details about the governmental workings of the municipality and addressing the key aspects of good governance.

Chapter 3: Highlights the municipality's performance for the year, with a focus on service delivery and the municipality's predetermined objectives.

Chapter 4: Provides insight into the municipality's human resources and organizational management areas, focusing on organizational structure and legislation.

Chapter 5: An overview of the municipality's financial performance, reflecting on the municipality's financial position, assets, cash flow, and intergovernmental grants received by the municipality.

Chapter 6: An overview of the audit key findings as per the Auditor-General of South Africa. The purpose is to establish a transformed and well-governed municipal environment that remains robust and will continue to stimulate the growth and well-being of the constituents of the Stellenbosch municipal areas.

In presenting this report, the municipality greatly welcomes the incremental improved audit outcome, with the municipality maintaining a Qualified Audit Outcome with fewer paragraphs. This process will be closely monitored through the development of an Audit Action Plan (AAP) to address all audit findings as well as any other identified internal control deficiencies. The following findings must be addressed in 2024/25 financial year which resulted in a Qualified Audit outcome:

- Completeness of the Irregular Expenditure;
- Performance Information; and
- Environmental issues (Landfill Sites).

The year under review has proven to be one more challenging than previous years as we were all still dealing with the aftereffects of post-Covid-19 pandemic, slow economic growth, decline in revenue collection, unfunded budget and a reduction in national conditional grants. The financial viability of the municipality remains a serious cause for concern and to the current management, the focus must be on the improvement of revenue and the containment of unnecessary costs as these will be an integral part of the adopted financial recovery plan and unfunded budget plan of the municipality. We are facing challenges which include huge Eskom debt, basic municipal service backlogs, and unpredictable future economic climate, which means that a cautionary and conservative budgetary approach must be followed just to mention a few.

I am very proud that our administration was able overcome constraints and adjusted our thoughts to improve service delivery and worked together in new ways to keep our town running. Regardless of the pressure to perform with limited resources, the municipality managed to successfully achieve 68 KPIs of the 174 planned KPIs which translate to an overall 39% organizational performance. There were 40 KPIs which were not achieved, translating to 23% of KPIs not achieved whilst 66 KPIs (66%) remained inclusive due to various reasons sponsored in the chapters below. I am pleased to announce some highlights in the 2023/24 financial year which includes some of the following:

- Restoration of storm-water damaged road infrastructure;
- Construction of Dludlu Street;
- Upgrading of the Siyathemba Pump Station;
- Completion of the Siyathemba 10 MVA Sub-station;
- Construction of MV overhead lines to Ridgeview;
- Completion of electrifying 1 200 households in Ridgeview;
- Acquisition of 2 new solid waste trucks and 2 law enforcement vehicles;
- Completion of 400 housing top-structures in Ridgeview;
- Issuing of 355 title deeds for Ridgeview beneficiaries;
- Construction of a new Early Childhood Development;
- Construction of 2 new boreholes in Ridgeview and Nthoraone;

- Completion of the Bulk Water Scheme projects which included the upgrading of the Fortuna Water Treatment Works to a 19,5 ml/day plant and 5 water reservoirs and bulk water lines linking Balfour, Grootvlei and Greylingstad; and
- The installation of a standby diesel generator at the Siyathemba Reservoirs.

The 2023/24 financial performance of the municipality indicates that a total operating revenue amounted to R499 million while the operating expenditure amounted to R481 million, giving a surplus of R18 million. The total revenue received from service charged contributed R214 million, property rates contributed R28 million while grants and subsidies contributed R136 million of the total revenue mix.

In the next few years, it is imperative that we carefully manage and monitor the liquidity of the municipality, keep employee related costs within the accepted threshold, allocate sufficient budget for maintenance of infrastructure and find ways to increase our declining revenue base. Local government is at the forefront of development on behalf of the community, and Dipaleseng Municipality is committed in pursuing our strategic objectives to the benefit of all of the people within Dipaleseng Municipality. I would like to thank our strategic partners, various stakeholders and ratepayers for your diligent support and commitment.

Our efforts for the reporting year are attributed to the Council under the leadership of the Honourable Mayor, Chairpersons of Portfolio Committees, the Audit Performance Committee, the Municipal Public Accounts Committee, Ward Committee Members and the Administration that remains committed to serving the interests of our community.

Working together is how we will create an inclusive, innovative and inspired community of Dipaleseng.

Together in prosperity.

Thank you.

_____

Mr. L. Cindi
Municipal Manager of Dipaleseng Local Municipality

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

SITUATIONAL ANALYSIS

Dipaleseng Municipality is composed of the following hubs: Greylingstad/Nthorwane, Grootvlei and Balfour/Siyathemba where the main Office is situated. The Municipality's main economic focus for turning around the local economy is through Agriculture, mining and tourism (Nature reserve) and agro processing industries.

Community consultation as championed by the Speaker's Office, Cllr. Xolani Shozi and Mayor' Office, Cllr.Busi Khanye is at the heart of good governance in the Municipality to enhance community participation and informed decision making. As a result, the 2023/24 financial year has seen Dipaleseng Municipality expanding its service delivery in terms of infrastructure development through graveling of roads, construction of some of the roads and upgrading of sports field, refurbishment of community halls, and upgrading of high mast lights and spent 100% on MIG.

The Dipaleseng Municipality continued with its mandate to create jobs to its local community through EPWP/CWP projects as outlined in the report. During the IDP/Budget process our community has again given the municipality a mandate to continue to implement projects in line with Government priorities; hence the infrastructure development has again come out as the main priority of the municipality. With all these achievements, the municipality acknowledges joint concerted efforts of its directorates.

1.2.2 A short description of the municipality

Dipaleseng Local Municipality is situated in the south-eastern part of Mpumalanga Province, abutting Gauteng Province in the south-west; approximately 90km east of Johannesburg and 350km south-west of Nelspruit (Capital city of Mpumalanga).

It is one of the (7) local municipalities under the jurisdiction of Gert Sibande District (the other districts being Ehlanzeni and Nkangala) and one of the 18 local municipalities within Mpumalanga. The municipality consists of 03 nodal towns and is structured into 06 wards**.**

The breakdown of wards details are as follows:

WARD INFORMATION	
WARD	**EXTENSION/SECTION**
01	The ward consists of various extensions of Siyathemba including central portion of Ext 1, Ext 4 and Ext 5 and more than 300 km² of rural farm land which is used for commercial farming purposes.
02	The ward consists of the central of Siyathemba, 50% of Ext 2, Ext 3 as well as a small rural areas used for commercial farming purposes. Including a newly established settlement known as Ridge view.
03	The ward consists of the following areas the whole of Balfour Ext 1&2, Greylingstad and surrounding commercial farming settlements on the East, South and West.
04	The ward consists of portion of Siyathemba central Ext1, 50% of Ext 2, Ext 6, Ext 7 and Lindukuhle settlements
05	The ward consists of Grootvlei/Thabakgwadi Ext 1, 2 & 3 and surrounding commercial farming land.

06	The ward consists of Nthorwane, Zenzele informal settlements and surrounding commercial farming land.

Figure 1: Spatial location of Dipaleseng Local Municipality

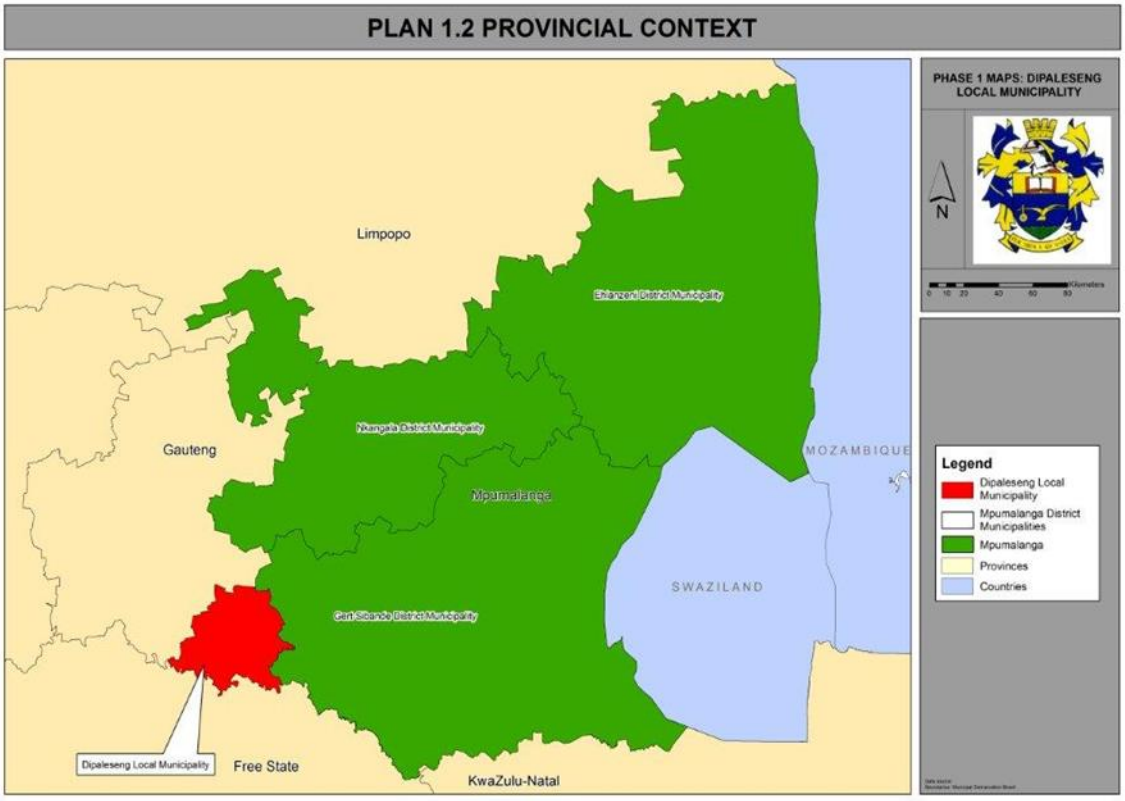
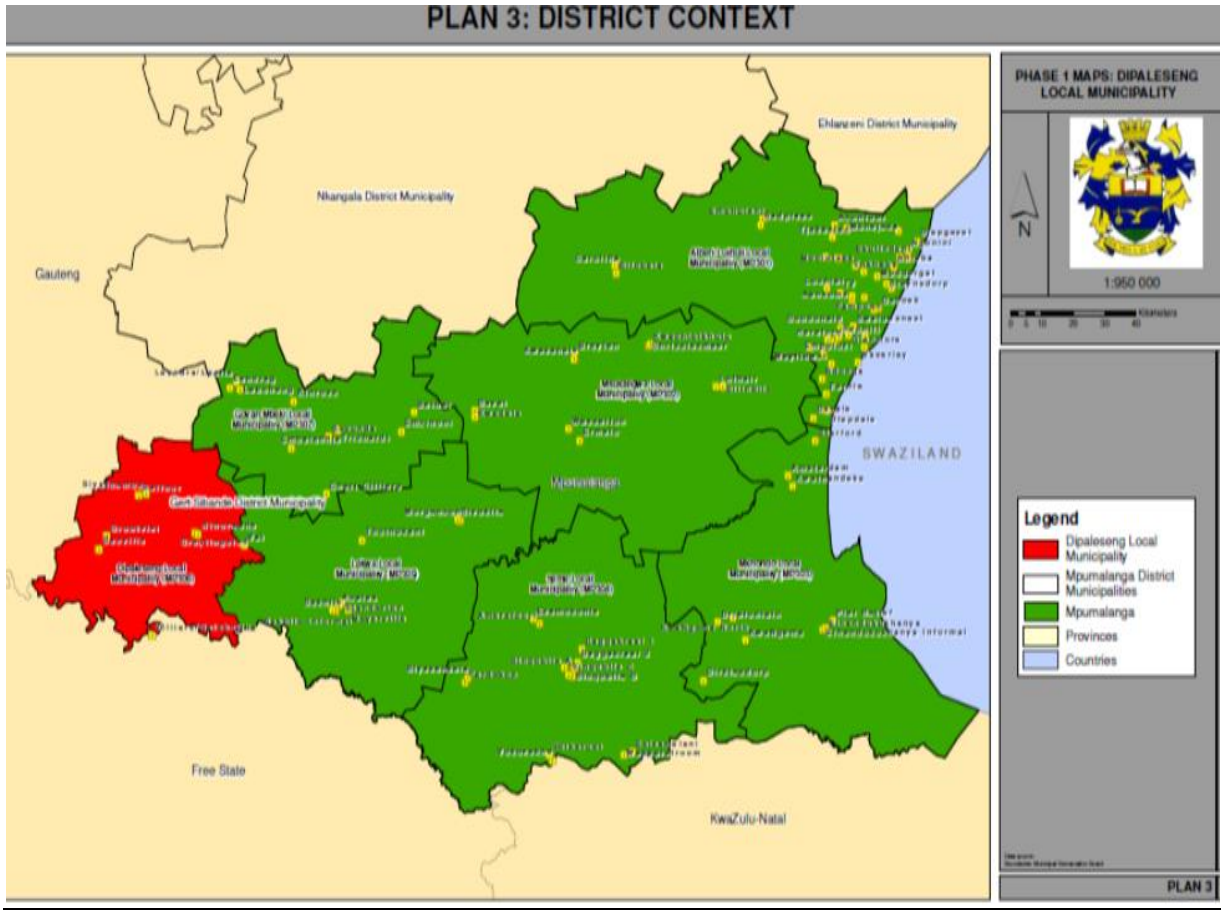


Figure 2: Spatial location of Dipaleseng Local Municipality



Dipaleseng Municipal area is one of the smaller municipal areas in terms of land area, and characterized by contrasts such as varied topography, population densities (low in the south, relatively dense in the north-east), prolific vegetates in the south (timber) and sparse in the north (bushveld). Although resources within the boundaries of the Municipality are scarce, the proximity of natural resources (dams, tourist's attractions, intensive economic activity, and nature reserves) to the borders of the municipality creates the opportunity for Capitalization.

The "gates" to the municipal area are considered to be Balfour West, Greylingstad in the East and Grootvlei in the south. The land area of Dipaleseng Municipality extends over approximately 2618km². The Dipaleseng Municipality incorporates the proclaimed towns of Balfour/Siyathemba, Greylingstad/Nthorwane and Grootvlei, situated in the extreme East and south of the municipal area, there are also surrounding commercial farming communities within the municipal area.

1.2.3 Social Analysis

The socio-economic analysis will focus on the population size, age and gender profiles as well as the educational levels of the population. Information on the Socio-economic status of Dipaleseng Municipality was mainly gathered from census conducted by Community Survey 2016 and STATSSA 2022 as progressively update on interval through community surveys.

Table 1.1: Population distribution in terms of Gender and Age Group

Population		Households	
Census 2022	**Community Survey 2016**	**Census 2022**	**Community Survey 2016**
35980	45 232	13129	13 190
Source: Statistic SA 2022 /CS 2016			T 1.2.2

Figure1.2: Population distribution in terms of gender and age group

Table 1: Population

Age	2021/22			2022/23			2023/24		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Age:0-4	2400	2790	5190	2400	2790	5190	1511	1583	3094
Age:5-9	2480	2810	5290	2480	2810	5290	1418	1396	2814
Age:10-19	3000	2754	5754	3000	2754	5754	3091	2967	6058
Age:20-29	5240	5916	11156	5240	5916	11156	3063	3164	6227
Age:30-39	3710	4650	8360	3710	4650	8360	3125	3160	6285
Age:40-49	3240	3680	6920	3240	3680	6920	2391	2134	4525
Age:50-59	911	980	1891	911	980	1891	1626	1804	3430
Age:60-69	700	865	1565	700	865	1565	930	1286	2216
Age:70 85	380	456	836	380	456	836	474	858	1332

Table 2: Socio-economic status [IDPM]

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proposition of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2023/24	83%	32.9%	45%	35%	13.9%	23%
2022/23	35%	27,5	45%	35%	30%	23%
2021/22	35%	27,5	45%	35%	30%	23%
Source: Statistic SA						T 1.2.4

Table 3: Neighborhoods **[IDP-M]**

Overview of Neighborhoods within "Dipaleseng Local Municipality **2023/24**		
Settlement Type	Households	Population
Towns:		
: Balfour	2500	3806
: Grootvlei	1800	6694
: Greylingstad	950	1631
Sub-Total	**5250**	**12 131**
Townships		
Siyathemba	6500	20 100
Nthorwane	2300	7876
Sub-Total	**8800**	**27 976**
Rural Settlements		
Sthandiwe	50	2450
Sub-Total	**50**	**2450**
Informal Settlements		3995
Siyathemba	3000	1200
Nthorwane	1500	
Phomolong	1000	2876
Sub-Total	**5500**	**6871**
Total	**13 190**	**45 232**
Sero report: **2016**		
		T.1.2.6

Table 4: Natural resources [IDP-M]

Natural Resources 2023/24	
Major Natural Resource	Relevance to Community
Gold and Coal	Socio- economic benefits as per mineral and Resources
Socio-economic Profile 2016	
	T.1.2.6

1.3. SERVICE DELIVERY OVERVIEW [IS]

INTRODUCTION TO SERVICE DELIVERY OVERVIEW

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, provision of sanitation, facilitating and provision of electricity, facilitation of housing

provision, provision roads and storm water and waste management – all of which underpin socio-economic development and determine the people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.

Figure 1: Proportion of Households with Access to Basic Services {IS]

Proportion of Households with minimum level of Basic services			
	2021/22	2022/23	2023/24
Water	86%	95%	**82%**
Sanitation	95%	96%	94%
Electricity	94%	97%	90.4
Audited AR 2021/2022 & 2022/2023			

Comments on access to basic services:

The above information is based on the audited information for 2021/22 and 2022/23 financial year. The information indicate an increase from 2022 to 2023.

1.4. FINANCIAL HEALTH OVERVIEW [BTO]

INTRODUCTION ON FINANCIAL HEALTH OVERVIEW

The municipality is one of the smallest municipalities within the region of Gert Sibande and Mpumalanga province with the decline of 1.6 % Population growth; this is also placing additional pressure on our resources. During the year our budget expectations were fully realized. We budgeted for income amounting R3 542 100 and expenditure of R 34 9012 000. By the close of books at the end of the year we have obtained an income of R 499 779 731 and we spent R 481 632 429 giving us a surplus of R 18 147 302

In the 2023/24 the municipality obtained a Qualified Opinion with matters from the Auditor General. It should be mentioned that the Auditor General this year did not focused on financial matters but the scope included themes and performance information.

The municipality implemented financial recovery plan and budget funding plan as measures to improve financial health.

Table 5: Financial Overview [BTO]

	2023/24		
Details	Original Budget	Adjusted Budget	Actual Amounts
Property Rates	R 37 171 000.00	R 37 171 000.00	R 37 442 249.00
Services Charges	R 155 303 000.00	R 155 303 000.00	R 142 324 685.00
Investment Income	R 45 992 000.00	R 45 992 000.00	R 11 159 586.00
Transfer of Grants Recognised	R 104 224 000.00	R 104 224 000.00	R 109 774 000.00
Other Revenue	R 11 721 000.00	R 11 721 000.00	R 199 079 211.00
Expenditure	R 349 012 000.00	R 349 012 000.00	R 481 068 405.00
Other Income	R 5 399 000.00	R 5 399 000.00	R 18 711 326.00

Table 6: Operating ratios 2023/24

Operating Ratios 2023/24	
Detail	**%**
Employee Cost	18%
Repairs & Maintenance	7%
Finance Charges & Impairment	27%
T 1.4.3	

Comment on operating ratios:

Employee costs constituted 18% of the total operating budget. Repairs and maintenance amounted to 7%, which is below the acceptable norm. Finance charges and Finance Charges & Impairment 27% to total operating costs. The national norm in this regard is 1% of the operational budget. The Municipality is implementing the Financial Recovery Plan and Budget Funding Plan to improve the financial health and reduce the high debt impairment. The aged infrastructure has contributed to high asset impairment cost.

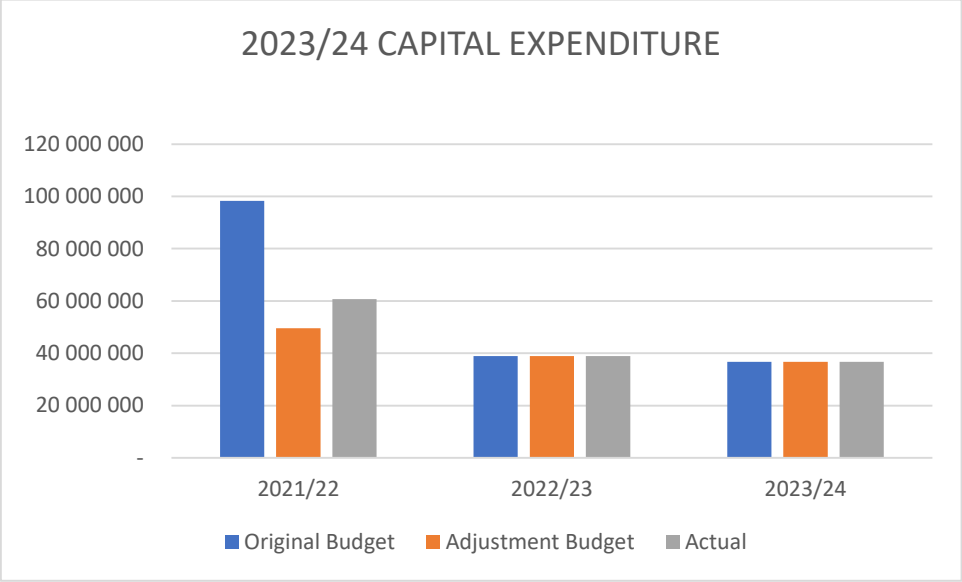
Table 7: Total capital expenditure [BTO]

Total Capital Expenditure: 2023/24			R'000
Detail	**2021/22**	**2022/23**	**2023/24**
Original Budget	98 332 000	38 943 000	36 705 000.00
Adjustment Budget	49 577 000	38 943 000	36 750 000.00
Actual	60 716 809	38 943 000	36 750 000.00

Comments

Municipality received Grants from National Government for MIG, INEP and MDRG for the Year under Review.
All the allocated Grants were fully spent before 30 June 2024. Four Projects were enaged in the year under review namely Charles Street, Dludlu Street and Sewer Pump. Thwe District Municipality is Implementing the RBIG Grants on Behalf of the Local Municipality.

Figure 2: Total Capital Expenditure



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW [CS]

The Dipaleseng Local Council has reviewed the Organisational Structure and approved as per Council resolution C156/05/23 with the view of complying with the new staff Regulations that was effective as 01 July 2022.

The objectives of the staff regulations its main objectives are as follows:

- Structure their administration in such a manner that they are responsive to the needs of local communities.
- Facilitate a culture of public service and accountability amongst their staff.
- Be performance orientated and focused on the objects of local government and their developmental duties as set out in sections 152 and 153 of the Constitution respectively.
- Ensure that the roles and responsibilities of their political structures, political office bearers, managers and municipal staff members are aligned to the priorities and objectives of municipalities as set out in the integrated development plans (IDPs).
- Establish clear reporting lines and facilitate cooperation, coordination and communication between the political structures and administration.
- Perform their functions through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units.
- Assign clear responsibilities for the management and coordination of the administrative units.
- Maximise operational efficiency and effectiveness of communication and decision-making within administration.
- Ensuring that the organisation of municipal administrations conforms to the administrative and financial capacity of municipalities (i.e. financial norms and ratios).

The municipality also submitted the 2023/24 Employment Equity Report to the Department of Labour and further reviewed the 5-Year Employment Equity Plan for implementation. The municipality also implemented the National Treasury Requirements on Minimum Competency Requirements in terms of National Treasury Regulation No. 493 – gazetted on 15 April 2018.

The Senior Managers and Finance officials completed the unit standards leading to the Certificate in Municipal Finance Management qualification (SAQA ID No. 48965) on NQF 6.

1.6. AUDITOR GENERAL REPORT

The municipality received a **Qualified Audit opinion** for the 2023/24 financial year with findings on financial statements, performance management, internal control deficiencies in supply chain management and other operations.

The municipality has since developed an audit action plan that will address all issues raised by Auditor General.

1.7. STATUTORY ANNUAL REPORT PROCESS

	STATUTORY ANNUAL REPORT PROCESS	
NO	**Activity**	**Time Frame**
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget / IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year Financial reporting).	
3	Finalise the 4th quarter Performance Report for previous financial year	
4	Submits draft Annual Report including Annual Financial Statements and Performance Report to Auditor General-- Audit Committee reviews the AFS and APR.	August
5	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
6	Auditor General audits Annual Report including Annual Financial Statements and performance data- Audit Committee reviews the AFS and APR.	September – October
7	Municipalities receive and start to address the Auditor General's findings	
8	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	
9	Receive management letter and provide final comments on findings	

10	Auditor-General submit Audit opinion. Audit Committee concurs with the AG opinion and recommend the Management and Audit Reports	November
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Audit Committee review Annual Report	January
13	Audited Annual Report is made public and representation is invited	February
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight Report	March
16	Council table next financial year Budget / IDP and invite public representation-	
17	Oversight Report is made public	April
18	Oversight Report is submitted to relevant national & provincial stakeholders and Legislature	
19	Audit Committee review the Draft Budget and IDP Council approve next financial year Budget / IDP-	May
20	Make public approved Budget and IDP	June
21	Finalize SDBIP and Performance Agreements for next financial year. Audit Committee review the SDBIP and performance agreements of Section 56.	
22	Make public SDBIP and Performance Agreements.	July

Comment on the Annual Report Process:

The main features about the planning process undertaken by the Dipaleseng Local Municipality is the involvement of community and stakeholder organisations in the process. Participation of affected and interested parties ensures that the IDP addresses the real issues that are experienced by the community members of the municipality. The municipality has established six (6) functional ward committees to further strengthen community engagement with the Municipality.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The municipal Council has the right to govern, on its own initiatives, the local government affairs of the community, subject to national and provincial legislation, as provided in the Constitution of South Africa 1996

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Dipaleseng Local Municipality (DLM) is a Category B municipality and has an executive mayoral system. The municipality is governed by two distinct but complementary structure namely the Executive Council headed by the Executive Mayor and Administration lead by the Municipal Manager, comprise of five Directorates in terms of section 56 of the municipal systems act.

Following the 2021 municipal elections, Council comprised of 12 elected councillors chaired by the Speaker comprising of six (6) ward Councillors and six (6) proportional representation Councillors. Each of the six (6) ward Councillors chairs a ward committee as part of the Ward Participatory System that brings participation down to community level.

Subsequent to the National election held on 29 May 2024, the position of the Executive Mayor became vacant, which affected the composition of Mayoral Committee, resulting on non-functionality of committees.

Ward Councillors play a central role in the communication process between the communities they represent. The Council reports back regularly through ward meetings and assists the community to identify needs and priority areas of development which feeds into the municipality's planning processes. The municipality further established the Budget & IDP Representative as well as Steering Committees for purposes of consultation during the strategic planning process, and also has a Local Labour Forum (LLF) for consultation with labour.

Council further has the Rules and Ethics Committee; Geographical and Place Names Committee; Municipal Public Accounts Committee (MPAC) and Audit and Performance Audit Committee well as the Policy and By-Laws Committee established in terms of Section 79 of the Municipal Structures Act of 1998 as. The following Section 80 Committees exists to assist the Mayoral Committee: Budget & Treasury Committee; Corporate Services Committee; Community Services and Public Safety Committee; Planning and Economic Development Committee as well as the Infrastructure Committee. Each of the Section 80 Committees is chaired by a Member of the Mayoral Committee whilst Section 79 Committees are chaired by a member of Council.

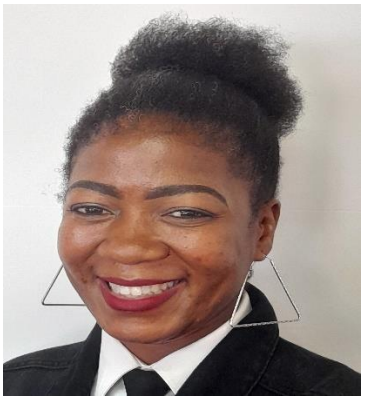
The system of governance is underpinned by existing Council Standing Rules of Order as well as a Council Delegation Register to ensure that the relevant stakeholders are enabled to deliver on their respective mandates.

POLITICAL STRUCTURE	
 **SPEAKER** Cllr: Xolani Shozi	Chairperson of Council
 **Executive Mayor** **Cllr NB Khanye**	Responsible for performing Council's executive functions.

MEMBERS OF THE MAYORAL EXECUTIVE COMMITTEE	
 Cllr. Mojalefa Miya	MMC: Infrastructure Services and Planning & Economic Development
 Cllr. Ahmed-Nazir Carrim	MMC: Corporate Services and Community Services & Public Safety.

WARD COUNCILLORS:	
 Cllr: Xolani Shozi	Ward 1
 Cllr. Muzikayise Makhoba	Ward 2

 Cllr. Ahmed-Nazir Carrim	Ward 3
 Cllr. Mojalefa Miya	Ward 4
 Cllr. Zabiion Radebe	Ward 5

 Cllr. Tryphina Shabalala	Ward 6
PROPORTIONAL COUNCILLORS	
 Cllr. Refiloe Motakane	 Cllr. Lucky Dhladhla

 Cllr. Zakhele Maya	 Cllr. Anah Nhlapo
 Cllr. Nomacala Khanye	 Cllr. Carel Pienaar

POLITICAL DECISION-TAKING

Council is chaired by the Speaker. Policy decisions and resolution are taken by the Council per recommendation from the Executive Mayor. The Executive Mayor and two mayoral committee members are required to execute council resolutions and to resolve on matters delegated to the Executive Mayor by Council. Reports regarding policy matters and non-delegated administrative matters are prepared by the administration and submitted to the Mayoral Committee together with recommendations from the Municipal Manager. At the Mayoral Committee such reports are considered and recommendations or resolutions formulated by the Executive Mayor from subsequent submission to the Council.

2.2 ADMINISTRATIVE GOVERNANCE [CS]

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Dipaleseng management team under the Municipal Manager (Accounting Officer in terms of the MFMA and Head of Administration in terms of the Municipal Systems Act) directs the municipal administration, making input into the IDP/Budget as well as develop and implement strategies and plans needed to give effect to the IDP. The functions executed by the Municipal Manager are in terms of the Council approved Delegation Registrar as well as legislation, i.e. the MFMA, Section 55 of the Municipal Systems Act, etc. During 2023/24 financial year the municipality was administered by Mr L. Cindi.

Table 8: Administrative posts top leadership

TOP ADMINISTRATIVE STRUCTURE	
Position	**Function**
 **Municipal Manager**: Mr. Lwazi Cindi	Administrative Head & Accounting Officer coordinates the provision of service in accordance legislation applicable in a municipal environment and is responsible for: ▪ Coordinate the provision of community services; ▪ Manage technical services; ▪ Coordinate municipal planning and economic development; ▪ Manage financial matters; ▪ Manage corporate services; ▪ Render internal audit services; ▪ Render risk management services; ▪ Manage performance management and development system.

TOP ADMINISTRATIVE STRUCTURE	
Position	**Function**
 Chief Financial Officer: Mr. M.H. Thokoane	Budget and Treasury is responsible for: ▪ Manage municipal budget and financial reporting; ▪ Render revenue management services; ▪ Manage expenditure services; and ▪ Render supply chain management services
 Acting Director Planning and Economic Development: Mr. T.H. Masoeu	Planning and Economic Development is responsible for: ▪ Coordinate the development and implementation of integrated development plan; ▪ Render spatial planning and land use management services; ▪ Promote local economic development (LED) services; ▪ Render sustainable and integrated human settlements planning; ▪ Render land and property management services

TOP ADMINISTRATIVE STRUCTURE	
Position	**Function**
 Acting Director Community Services & Public Safety Ms. Mapitso Mngomezulu	Community Services and Public Safety is responsible for: ▪ Render traffic and licensing, fire and rescue management and security services; ▪ Render environmental, waste, cemeteries, auxiliary services, parks and recreational facilities; and ▪ Render library and transversal services
 Acting Director Corporate Services Ms. N.M. Radebe	Corporate Services is responsible for: ▪ Render human resource management and development services; ▪ Render labour relations services; ▪ Render legal services; ▪ Render administrative support services; ▪ Manage information and communication technology services; and ▪ Manage communication services
 Acting Director Infrastructure Services: Mr P. Makhene	Infrastructure Services is responsible for: ▪ Render electrical, mechanical and fleet management services; ▪ Manage roads and storm water services; ▪ Manage the provision of water services; ▪ Manage sanitation services; ▪ Manage municipal development projects.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The purpose of intergovernmental relations is to achieve the constitutional mandate for local government by mobilizing resources and strategic partnerships which will ensure co-operation and coordination by all stakeholders (National, Provincial and Local) to ensure service delivery to the residents of the municipality to ensure a better quality life for all.

NATIONAL INTERGOVERNMENTAL STRUCTURES

- National Treasury – Co-ordinates the development of the Local Government fiscal framework applicable to municipalities within the context of the Division of Revenue Act. It manages the development of the Local Government Equitable Share formula and ensures compliance with the MFMA to modernize local government budgeting and financial management processes and practices. Provides assistances to improve financial governance and to maximize municipal capacity to deliver services through efficiency, effectiveness and sustainability, and by dealing with corruption. They set-up the accountability cycle by ensuring proper alignment between IDPs, Budgets, SDBIPs, In-Year reports, Annual Financial Statements, Annual reports, Oversight reports and Audit reports

- The Department of Cooperative Governance and Traditional Affairs (COGTA) – Develop various policies, guidelines to enable sustainable development to eradicate poverty and developed a service-orientated culture that requires the active participation of the wider community. Community inputs are essential to improve on integrated development planning and service delivery. Linked to this is the establishment of performance management which is a crucial mechanism to improve living conditions for all citizens.

- South Africa Local Government Association (SALGA) – Is the national representative body of local government and has a constitutionally defined mandate. It responds to challenges facing organized local government and addresses past weaknesses

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

- **OFFICE OF THE PREMIER** – Focuses on co-operative and good governance through the provision of advice and information, co-ordination, monitoring and support to local government.

- **PROVINCIAL TREASURY** - The functions of provincial treasuries are to • promote co-operative government among role-players and assist National Treasury in implementing the MFMA, monitor municipal budgets and outcomes, analysis in-year reports and take intervention measures to assist municipalities which breach the MFMA. Provincial Treasury has established various units to assist and monitor the municipality. These units specialized in revenue enhancement, assets, accounting standards, and in-year reporting. Through the Munimec meeting and Technical Munimec meetings various municipal issues in the province are discussed to formulate solutions and plans to improve governance and service delivery. These meetings were conducted quarterly during the financial year.

- **COGTA MPUMALANGA** – To assist and provide guidance to build clean, effective, efficient, responsive and accountability local government. Strengthen partnerships between local government and communities and ensure municipalities meet its mandate to provide basic services; and

- SALGA- is the official representative of local government; an employer's organization for all municipalities, and sits as the employer in the South African Local Government Bargaining Council.

DISTRICT INTERGOVERNMENTAL STRUCTURES

- The Gert Sibande District Municipality has a supporting role to play in the planning and coordinating of activities within their boundaries to ensure the provision of services in the district through District Development Model. The District Development Model facilitate for the sitting of all local municipalities, provincial sector and private sectors.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The following is done by the municipality to ensure widespread and conducive stakeholder participation and accountability:

- Media such as the local newspapers, ward community meetings, national radio stations (Lesedi FM, Ukhozi FM) municipal bills, local communicator's forum etc., are utilized to inform communities and stakeholders on Council's activities.

- All messages/information is conveyed in a language/s understood by the general community.

- The venues and times for public meetings are well communicated. Furthermore, the municipality ensures that meetings are held at such times that all stakeholders can attend.

- Adequate time is allowed to community, representatives of organizations and business to report to their relevant forums and make inputs.

- Council meetings are open to the public and residents are invited to attend. Important documents such as IDP, Budget, Valuation roll etc. are available at all public libraries within the municipal area.

- Ward committee and ward community monthly and quarterly meetings are convened and serve as a platform for interaction, engagement and sharing of information.

- Various forums' exists on local, district and provincial level.

- CDWs act as the link between government and the community

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS [MMM]

On a regular basis, the municipality engages the community at consultation meetings in an endeavor to provide feedback on progress in relation to the level of development and to gather inputs from communities in relation to service delivery needs and to disseminate information on the roles and responsibilities of the municipality.

The ward committee structures are used to close the gap between the municipality and communities, since ward committees have the knowledge and understanding of the residents and communities they represent. Community Development Workers (CDWs) act as a link between accessing communities in relation to community development initiatives/ programmes.

The IDP forum is constituted by Councillors representatives from business organisations, mining companies, NGOs/ CBOs, government departments, agricultural organizations, parastatal organizations, and stakeholder representatives of unorganized groups. The representatives are given an opportunity to represent community interests and contribute knowledge and ideas, building consensus and support for the planning process itself, and ensuring a broader ownership of the outcomes.

Both the IDP and Multi-year Budget process for the period 2023/24 was open for comment by the public. The documents were available for inspection at all municipal libraries, and the municipal website, www.dipaleseng.gov.za

WARD COMMITTEES

The purpose of the ward committee system is to provide a channel for public participation and general interaction between community and council.

The municipality has an intensive community consultation process that is done at a ward level in line with the community based planning approach. This process stimulates participatory governance by affording community members a fair opportunity to deliberate on issues affecting them in their respective wards. Furthermore, this approach was implemented to inevitably include the local community in decision-making, planning and generally allowing them to play an active part in their own development.

PUBLIC MEETINGS 2023/24 FINANCIAL YEAR

Table 9: public meetings *

PUBLIC MEETINGS						
Nature and purpose of the meeting	**Date of the Events**	**Number of Participating Municipal Councillors**	**Number of Participating Municipal Administrators**	**Number of Community Members Attending**	**Issues addressed (Yes/No)**	**Dates and manner of feedback given to community**
Monthly Ward Committee Meeting	Monthly (Virtually)	12	4	As per attendance register[60]	Yes	Feedback given through quarterly ward meetings
Quarterly Ward Consultation Meeting	Quarterly (Virtually)	12	12	As per attendance register	Yes	Feedback given through quarterly ward meetings
Council Meeting	Quarterly (Virtually)	12	23	As per attendance register	Yes	Feedback given through quarterly ward meetings
IDP & Budget Consultation Meeting						**Feedback given through quarterly ward meetings**
						T 2.4.3

Comments on the effectiveness of public meetings:

- The Dipaleseng Municipality places more emphasis on public participation to ensure successful engagements with communities, and to ensure that the needs of the communities are responded to and addressed as reflected in the IDP.

- During the year under review, public participation was conducted in all six wards as per the prescripts in terms of Section 16(1) of the Municipal Structures Act, no 32 of 2000 makes a provision for a Municipality to create an opportunity to encourage the local community to participate in municipal matters.

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 10: IDP participation and alignment criteria

IDP Participation and Alignment Criteria*2023/24	Yes/No
Does the municipality have impact, outcome, and input indicators?	Yes
Does the IDP have priorities, objective, KPI, 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 KPI's in the strategic plan?	Yes
Do the IDP KPI's align to section 56/57 Managers?	Yes
Do the IDP KPI's lead to functional area KPI as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
*Section 26 of Municipal Systems Act 2000	T 2.5.1

Comments

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE [MM]

The municipality has made great strides in ensuring open, democratic and accountable governance. Working together with all our constituencies, significant advances have been achieved in the realisation of our objective to ensure good governance and sound administration. The establishment of a Municipal Committee on Public Accounts (MPAC), amongst others, bears testimony to this.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Dipaleseng local municipality recognises risk management as one of the cornerstones of sound and responsible Municipal governance. Apart from complying with Section 62(1)(c)(i) of the MFMA that requires the Accounting Officer of a Municipality to maintains effective, efficient and transparent system of finance, risk management and internal control.

Led by the Chief Risk Officer, the Risk Management Unit is responsible for overseeing, guiding, facilitating and monitoring various system of governance, risk management, ethics, fraud and corruption in the Municipality.
The Risk Management, Anti-Fraud and Anti-Corruption Committee, comprising of independent external member and senior management continued to provide oversight over the entire system of governance, risk Management, compliance, internal control, ethics, fraud and corruption in the Municipality.

Key among the responsibilities of the unit is to facilitate, develop, monitor and report on the Municipality's strategic risk profile. Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) were key enablers of risk identification and assessment. Strategic risks for 2023/24 financial year were identified as follows:

- Unsustainable financial viability and financial performance
- Inadequate provision of sustainable quality basic services
- Inability to improve the audit opinion
- Inadequate measures in place to improve organizational performance
- Ineffective governance and inadequate public participation
- Slow economic growth and development
- Unintegrated human settlement

The risk universe such as top-ten Country Risk as per the Institute of Risk Management South Africa's Risk report, Auditor General of South Africa and Internal Audit Reports were also taken to account. Risk treatment strategies were developed and implemented by management.

2.7 ANTI-CORRUPTION AND FRAUD

Dipaleseng Local Municipality subscribes to the principles of good corporate governance, which require conducting business in an honest and transparent manner. The Municipality is also committed to fight fraudulent behaviour at all levels within the Municipality. The Dipaleseng Local Municipality has taken a stance that management of unethical behaviour, fraud and corruption risk is the responsibility of everyone in the Municipality.

To improve governance in the Municipality, the Dipaleseng has identified and focused on critical areas that require significant improvement to enhance governance controls in relation to fraud and corruption and the integrity of employees and other stakeholders doing business with the Municipality i.e. review of policies and strategies; fraud and corruption risk management; awareness and training; improvement of governance structures; partnerships with other public institutions and conflict of interest management and consequence management mechanisms.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA recognises supply chain management as a crucial component of municipal financial management. The efficiency and effectiveness of the procurement function has a large impact across a municipality. All related policies and legislative requirements were reviewed and updated accordingly. It is still the intention of the Budget and Treasury office in 2023/24 to further entrench these principles to support the effectiveness of this department. The supply chain management unit consist of accountant, procurement officer and interns. This matters was identified as a high risk area by the office of Auditor General.

The implementation of Supply Chain Management brings about fundamental strength in procurement process of Municipality. The Accounting Officer has appointed bid committees as indicated: Bid Specification, Evaluation

and Adjudication Committees legislated in terms of the MFMA to assist in the execution of the supply chain management function. Challenges experienced in SCM will be addressed in the Audit Action Plan, it should however be noted that the non-existence of industries in the Balfour has an impact on the turn-around time for delivery of goods and services as when required.

COGHTA conducted Section 106 Investigation relating to the financial year 2020/21 and the process were still underway during 2023/24 through Financial Misconduct Board.

2.9 BY-LAWS

Table 11: New by-laws

By-laws Introduced during 2023/24				
Newly Developed	**Date Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**Date of Publication**
None	N/A	N/A	N/A	N/A

Comment on by-laws:

During the year under review there were no new by-laws developed and approved by Council.

2.10 WEBSITES [CS]

Table 12: Municipality website

Municipal Website: Content and Currency of Material 2023/24		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Y	2023/06/20 2023/07/17 2024/04/04 2024/06/10
All current budget-related policies	Y	2023/09/26
The previous annual report (Year -1)	Y	2023/02/02
The annual report (Year 0) published/to be published	Y	2024/05/20
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Y	2023/07/14
All service delivery agreements (Year 0)	Y	2023/09/29
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Y	2023/10/31 2024/04/10
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Y	2024/08/2024

Municipal Website: Content and Currency of Material 2023/24		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Y	2024/01/11
Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.		*T 2.10.1*

Comment on municipal website content and access:

- During the year under review the website was not fully operational and experienced reasonable down time. This challenge is being addressed by the Corporate Services together with Budget and Treasury departments.
- According to the MFMA S75, the following information must be placed on the website of municipalities:
  - (a) The annual and adjustments budgets and all budget-related documents;
  - (b) all budget-related policies;
  - (c) the annual report;
  - (d) all performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;
  - (e) all service delivery agreements;
  - (f) all long-term borrowing contracts;
  - (g) all supply chain management contracts above a prescribed value;
  - (h) 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 the previous quarter;
  - (i) contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
  - (j) public-private partnership agreements referred to in section 120;
  - (k) all quarterly reports tabled in the council in terms of section 52(d); and
  - (l) any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.
- A document referred to in subsection (1) must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first.
- The institution was able to upload legislatively required documentation, relevant as well as additional information on the website, except for non-applicable documents as stated above.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES [CS]

PUBLIC SATISFCATION LEVELS

No formal satisfaction survey was conducted during the current **2023/24** financial year

Satisfaction Surveys Undertaken during 2023/24				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	None	None	None	None
(a) Municipality	None	None	None	None
(b) Municipal Service Delivery	None	None	None	None
(c) Mayor	None	None	None	None
Satisfaction with:	None	None	None	None
(a) Refuse Collection	Questionnaire			
(b) Road Maintenance	None	None	None	None
(c) Electricity Supply	None	None	None	None
(d) Water Supply	None	None	None	None
(e) Sanitation	None	None	None	None
(f) Information supplied by municipality to the public	None	None	None	None
(g) Opportunities for consultation on municipal affairs	None	None	None	None
T2.11.2				

Comment on satisfaction levels

During the year under review, community survey was conducted for refuse removal and the outcome was relatively fair.

2.12 INTERNAL AUDIT FUNCTION

The Internal Audit of the Dipaleseng Local Municipality was established in terms of section 165 of the Municipal Finance Management Act no 56 of 2003, which requires that:

(1) each municipality and each municipal entity must have an internal audit unit, subject to subsection (3)

(2) The internal audit unit of a municipality or municipal entity must-

(a) Prepare a risk-based audit plan and an internal audit program for each financial year.

(b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:

(i) Internal audit

(ii) Internal controls

(iii) Accounting procedures and practices

(iv) Risk and risk management

(v) Performance management

(vi) Loss control: and

(vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation and

(c) Perform such other duties as may be assigned to it by the Accounting Officer.

In terms of Municipal Finance Management Act circular no 65, internal audit unit is inter alia accountable to the audit committee as follows:

- Develop a flexible annual audit plan using a risk-based methodology, addressing any weaknesses in risks or controls identified.
- Submit the audit plan to the audit committee for review and approval.
- Report on the implementation and results of the annual audit plan including special tasks requested by management and the audit committee.

The internal audit unit has developed a three year rolling plan, charter and methodology, which were approved by the Audit and Performance Committee on the 22nd of July 2023. The internal audit unit reported quarterly to Audit and Performance Committee on the progress made in the approved annual plan.

The internal audit unit is in-house and has discharged its mandate in terms of its charter and managed to execute 64% of the projects as per the 2023/24 Annual Plan. Currently the Internal Audit Unit consist of 3 positions as per the approved organizational structure, of which 2 has been filled.

2.12.1 AUDIT COMMITTE

The Audit and Performance Committee of Municipality was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003, in conjunction with section 2(c) of the Local Government municipal planning and performance management regulations. The committee comprises of three (3) members appointed for the period of three (3) years.

Audit and performance committee members specializes in various expertise ranging from Internal Audit and risk, Performance management, Legal, Information Technology and Finance. Members always complied with schedule of meetings and attend meetings.

They performed their duties as stipulated in Section 166 of the MFMA. Over and above that, members assisted the municipality in reviewing quarterly financial and non-financial reports, annual report and Annual financial statements. Their contribution assisted municipality in maintaining a qualified audit opinion for two consecutive years 2021/2022, 2022/2023 and 2023/24 financial year.

Audit and Performance Committee reported to council on their activities and recommendations as required by the Committee's Charter and section 166 of the MFMA. For the year under review, eleven (11) meetings were held.

Table 13: Audit Committee members

Surname and initials	Gender	Appointment date
Ms. Jane Masite (Chairperson)	Female	01 October 2021
Mr. Leon Langalibalele (Member)	Male	01 October 2021
Mr. SD. Thwala (Member)	Male	01 October 2021
Mr. SD Mofokeng – Chairperson of RMCFACC	Male	01 October 2022

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

INTRODUCTION [IS]

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The provision of basic services to the community determines a person's quality of life, and has a potential to boost socio-economic development. The supply of free basic services to all households remains a challenge for the municipality operating under severe financial constraints. Backlogs have remained high in the delivery of waste management and sanitation as well as water which has been impacted by the current state of existing infrastructure as well as the high number of rural communities and the increasing number of informal settlements. Levels of service delivery provided by the Dipaleseng Local municipality are as follows:

1. Water
Provision and supply of quality basic water, through bulk and internal reticulation network system. Provision of water through water tinkering at high lying areas and by the means of boreholes system.

2. Sanitation

Provision of dignified sanitation and waterborne sewer network.

3. Electricity
Provision, supply and distribution of electricity, in collaboration with medium voltage supply from Eskom

4. Roads

Access of roads includes gravel roads with proper storm water drainage up to high level of service which is a paved/tarred road with storm water system.

SERVICE DELIVERY PERFORMANCE (PERFORMANCE PART 1)
COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

WATER PROVISION

Dipaleseng Local Municipality is a Water Service Authority (WSA) and water service provider (WSP) as per Water Act 32 OF 1998, Project implementation access roads, fleet management, electricity supply and dignified sanitation. The Municipality is supplying bulk water from Fortuna Water Treatment Works, Grootvlei water treatment works (Eskom) to all areas in our jurisdiction.

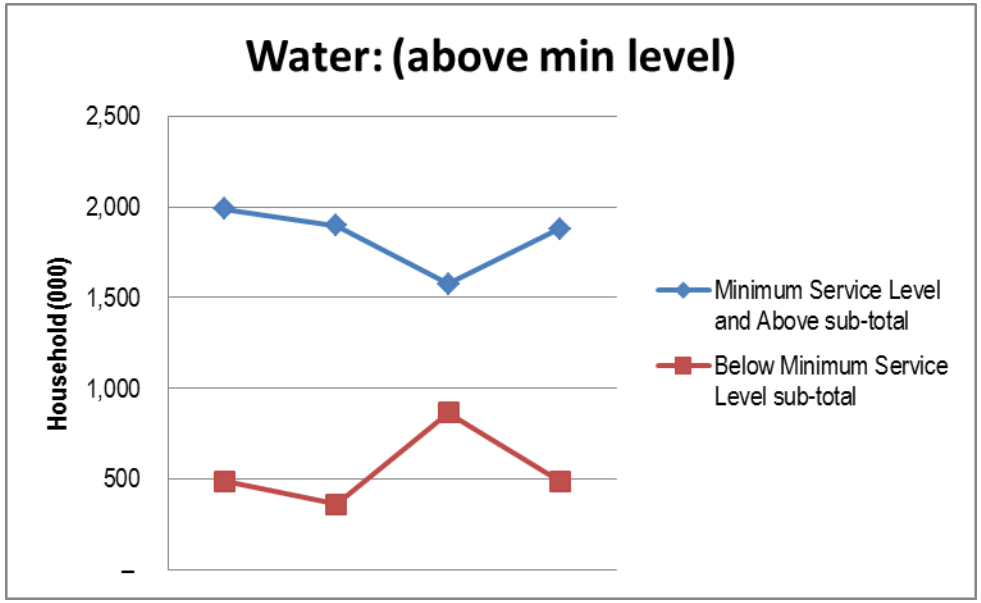
The municipality have refurbished and upgraded the Fortuna water treatment work from 6.5Ml/d to 19.5MI to increase on the distribution to meet future demands.

Water analysis were conducted during the year under review to mitigate water contamination risks and environmental pollution.

Table 14: Total Water Use by Sector [IS]

Total Use of Water by Sector (Ml/d)					
	Agriculture	**Forestry**	**Industrial**	**Domestic**	**Unaccountable water losses**
2023/2024	unmeasured	unmeasured	unmeasured	unmeasured	unmeasured
2022/2023	unmeasured	unmeasured	unmeasured	unmeasured	unmeasured
2021/2022	unmeasured	unmeasured	unmeasured	unmeasured	unmeasured
					T3.1.2

Figure 3: Water Use by Sector [IS]



Comment on water use:

The supply is above demand as per the latest SDF in the next 5 years and depending on the review.

- 82% (14750) HH with access and 18% (3293) HH without access.
- The current supply of Fortuna WTW and Grootvlei Eskom is 8.5Ml/day is less than the current demand of 16.8 ML/day
- Fortuna Water Treatment Works is currently being upgraded from 6.5Ml/d to 19.5 Ml/d and the commissioning of the newly augmented plant is envisaged to take place on January 2024.
- The upgrading of water scheme, including new installation of 5Ml/d of reservoirs in Balfour, Grootvlei, Greylingstad is current under way.

Table 15: Water Service Delivery Levels [IS]

Description	2023/24	2022/23	2021/22
	Actual	Actual	Actual
	No.	No.	No.
Water: **(above min level)**			
Piped water inside dwelling	12 734	7059	5950
Piped water inside yard (but not in dwelling)	650	8759	7650
Using public tap (within 200m from dwelling)	650	3209	2100
Other water supply (within 200m)	14 034	16909	15 900
Minimum Service Level and Above sub-total	93.5%	96%	95%
Minimum Service Level and Above Percentage			
Water: **(below min level)**	650	44	36
Using public tap (more than 200m from dwelling)			
Other water supply (more than 200m from dwelling	395	36	36
No water supply	0.607%	0.03%	0.02%
Below Minimum Service Level sub-total			
Below Minimum Service Level Percentage	14 034	16909	15 900
Total number of households*			
** - To include informal settlements*			

Table 16: Water Min Service Delivery Levels

Description	2023/2024	2022/23	2021/22
		Actual No.	Actual No.
Formal Settlements			
Total households	13,867	13,867	12,965
Households below minimum service level	2,357	2,357	1,643
Proportion of households below minimum service level	16%	16%	8%
Informal Settlements			
Total households	3869	3869	2,760
Households is below minimum service level	2499	2499	1,390
Proportion of households is below minimum service level	64%	64%	50%

Table 17: Access to Water

Access to Water			
	Proportion of Households with access to water points*	**Proportion of Households with access to piped water**	**Proportion of households receiving 6kl free#**
2023/2024	3200	14 750	14 750
2022/2023	2809	13079	13079
2021/2022	1700	11970	11970
			T 3.1.5
** Means access to 25 litres of portable water per day supplied within 200m of a household and minimum flow of 10 litres, #6000 litres of portable water supplied per formal connection per month*			

Table 18: Water Service Delivery Objectives [IS]

Water Service Policy Objectives Taken From IDP										
Service Objectives	**Category**	**KPIs**	**2021/22**		**2022/23**			**2023/24**		
Service Indicators			**Target**	**Actual**	**Target**	**Actual**	**Target *Following Year**	**Target**	**Actual**	**Target *Following Year**
(i)	**(ii)**	**(ii)**								
Service Objective: Develop and maintain infrastructure										
Water Infrastructure and Services	Formal Households	Percentage household with access minimum basic water supply	95%	95%	96%	96%	100%	100%	97%	100%
	Informal Households	Percentage household with access minimum basic water supply	70%	70%	80%	80%	100%	90%	87%	100%
Clean and safe water provision		Blue drop rating	50%	11%	50%	9%	50%	50%	7%	50%
T3.1.6										

Table 19: Employees Water Services

Job Level	2021/22		2022/23		2023/24	
	Employees No.	Posts No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0%	0	0%	0	0%
4 - 6	1	25%	0	0%	3	25%
7 - 9	0	0%	0	0%	0	0%
10 - 12	0	0%	0	0%	0	0%
13 - 15	0	0%	0	0%	15	60%
16 - 18	0	0%	0	0%	0	0%
19 - 20	0	0%	0	0%	0	0%
Total	19	0%	0	25%	0	0%
Total	19	0%	0	25%	18	0%

Table 20: Financial Performance Water service [IS]'

Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23276	-91264	0	0	0	#DIV/0!
Expenditure:						
Employees	1369	2357	1851	1851	2421	24%
Repairs and Maintenance	2855	15280	0	0	0	#DIV/0!
Other	5967	35730	0	0	0	#DIV/0!
Total Operational Expenditure	10191	53367	1851	1851	2421	24%
Net Operational Expenditure	13085	-37897	-1851	-1851	-2421	24%

T 3.1.8

Table 21: Capital Expenditure Water Services [IS]

Capital Expenditure Year Water Services R' 000					
Capital Projects	Year 2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				#DIV/0!	
Project A	-	-	-	#DIV/0!	
Project B	-	-	-	#DIV/0!	
Project C	-	-	-	#DIV/0!	
Project D	-	-	-	#DIV/0!	
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*

Comment on water services performance overall:

Water related projects are being implemented by the District Municipality through RBIG.

3.2 WASTE WATER (SANITATION) PROVISION

SANITATION PROVISION

Dipaleseng Local Municipality has three (3) waste water treatment works namely: Balfour WWTW, Grootvlei WWTW, AND Greylingstad WWTW, that receive sewer from different areas within the municipality. The plants are classified as B, D, and D respectively. The areas that are not connected are catered through convertible waterborne. During the period under review, the above WWTWs were not functional, which resulted in less scoring on the green drop assessment. The low scoring on the green has then resulted in the plan of action for the outer years.

Table 22: Sanitation Service Delivery Levels

Description	2021/2022	2022/2023	2023/2024
Sanitation/sewerage: **(above minimum level)**			
Flush toilet (connected to sewerage)	9,649	14459	14 300
Flush toilet (with septic tank)	276	410	11 806
Chemical toilet	44	216	820
Pit toilet (ventilated)	201	216	820
Other toilet provisions (above in-service level)	0	0	0
Minimum Service Level and Above sub-total	10.170	15409	15 940
Minimum Service Level and Above Percentage	80.1	98%	89.7%
Sanitation/sewerage: **(below minimum level)**			
Bucket toilet	0	0	0
Other toilet provisions (below in-service level)	1750	432	336
No toilet provisions	766	0	0
Below Minimum Service Level sub-total		432	336
Below Minimum Service Level Percentage	19.9%	2%	10.3%
Total households		15171	15 940

Table 23: Sanitation Min Service Delivery Levels [IS]

Description	2021/2022	2022/2023	2023/2024
	Actual	Actual	Actual
	No.	No.	No.
Formal Settlements			
Total households	13,976	14,426	14 300
Households below minimum service level	774	324	1872
Proportion of households below minimum service level	5.54%	2.25%	12.69%
Informal Settlements			
Total households	1700	2,451	3293
Households below minimum service level	1592	842	4026
Proportion of households below minimum service level	93.64%	34.35%	221.64%

N.B: The project for construction of sewer reticulation and construction of toilet top structures could not be completed in time due to late appointment of Contractor.

Table 24: Access to Sanitation

Access To Sanitation	
	Access To Sanitation
2023/2024	14 300
2022/2023	15171
2021/2022	15961

Table 25: Sanitation Service Delivery Objectives [IS]

Waste Water (Sanitation) Service Policy Objectives Taken From IDP										
Service Objectives	**Category**	**KPIs**	**2021/22**		**2022/23**			**2023/24**		
Service Indicators (i)	(ii)	(ii)	**Target**	**Actual**	**Target**	**Actual**	**Target *Following Year**	**Target**	**Actual**	**Target *Following Year**
Service Objective: Develop and maintain infrastructure										
Improve Access to Municipal Basic Services	Formal Households	Percentage household with access minimum basic sanitation services	90%	94%	96%	94%	97%	100%	96%	97%
	Informal Households	Percentage household with access minimum basic sanitation services	50%	5%	50%	11%	50%	60%	8%	50%
		Green drop rating	60%	10%	50%	26%	50%	50%	4%	50%
T3.2.6										

Table 26: Employees Sanitation Levels [IS]

Employees: Sanitation Services					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
4 – 6	4	15	4	11	36%
7 – 9	0	15	0	15	100%
10 – 12	0	0	0	0	0%
13 – 15	15	0	15	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	20	31	20	26	64%
					T 3.2.7

Table 27: Financial Performance Sanitation [IS]

Financial Performance: Sanitation Services							
							R'000
Details	2020/21	2021/22	2022/23	2023/24			
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12814	22978	(25 047)	0	0	-	0%
Expenditure:							
Employees	2133	1992	2 431	4920	4920	4 345	-13%
Repairs and Maintenance		428	7	0	0	-	#DIV/0!
Other	2890	2683	4 286	0	0	-	#DIV/0!
Total Operational Expenditure	5024	5103	6 717	4 920	4 920	4 345	-13%
Net Operational Expenditure	7791	17875	(18 330)	(4 920)	(4 920)	(4 345)	-13%
							T 3.2.8

Table 28: Capital Expenditure Sanitation Services [IS]

Capital Expenditure: Sanitation Services R' 000					
Capital Projects	Year 2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All projects				#DIV/0!	
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*

Comment on sanitation services performance overall [IS]

Access to basic sanitation is at 96% with the main challenge to address the backlogs (sewer provision) being that all our Wastewater treatment works being vandalized.

- Balfour North and Siyathemba Ext 5 and 6 - a total of 240 households have been reticulated;
- The total of 1 200 Households in Ridgeview have been connected to sanitation network
- Upgrading of Siyathemba Sewer pump Station is a multi-year project, phase 1 of the project has reached completion within the reporting period.
- Phase 2 of the project will commence once the project is cash backed with the budget.
- The actual expenditure for this project is amounting to R 12.6m and the variance from the original budget is R 0.29m.

3.3 ELECTRICITY [IS]

ELECTRICITY UNIT

The electrical infrastructure of Dipaleseng Local Municipality comprises of 4 [four] main substations, located in 3 [three] different nodal points namely: Balfour, Groovlei/Thabakgwadi and Greylingstad areas, classified as follows below:

- Balfour Munic, 6.6kV Substation, at the apparent power of 15MVA
- Klap-Spring Collieries [Grootvlei], 6.6kV Substation, at the apparent power of 5MVA and
- Greylingstad Munic, 11kV Substation, at the apparent power of 5MVA.

Our existing distribution network ranges from the medium voltage of 11kV, 6.6kV and low voltage reticulation of 400V, the Municipal main responsibility is to ensure the continuity of electrical supply from main substations till to the customer's service main supply of either 230 V or 400V.

There's a newly constructed Siyathemba Substation, located in Vlakfontein [Portion 5], which consist of 10MVA capacity at the medium voltage of 22kV network. The substation is aimed to alleviating load from the old 6.6kV Balfour Munic Substation, thereby supplying power to Joe Slovo and Nkanini areas. The newly establish Ridgeview area will also get power from this substation, as well as the future development in Balfour.

Our network consists of underground cabling, overhead lines, miniature substations, RMU [Ring Main Unit], H-pole and pole mounted substations.

Dipaleseng Local municipality is still committed to reach the universal access as per the target set out by the National government of rural electrification plan, through the INEP programme from DMRE. There's also mushrooming informal settlements within our jurisdiction.

Kindly refer to the below illustrated figure 4 electricity provision chart

Figure 4: Electricity Provision

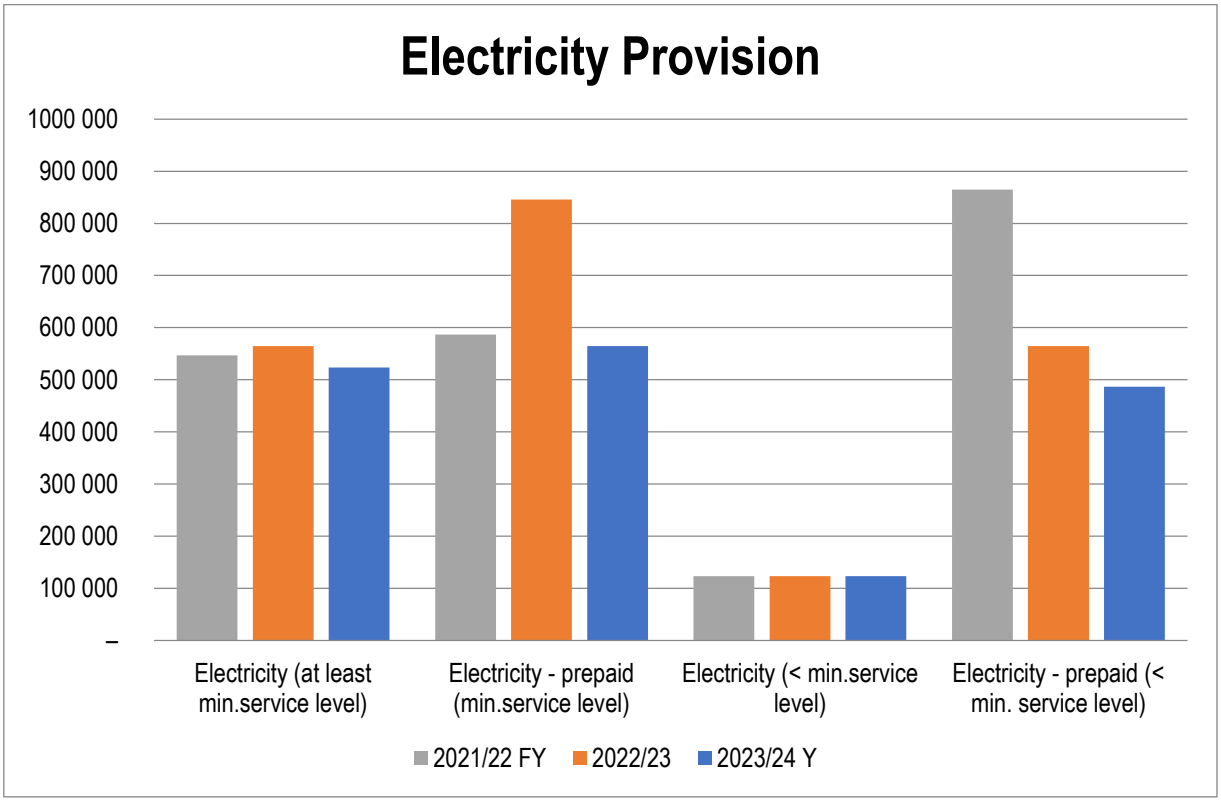


Table 29: Electricity Service Delivery Levels [IS]

Description	2021/22 Actual No.	2022/23 Actual No.	2023/24 Actual No.
Energy: **(above minimum level)**			
Electricity - prepaid (in-service level)	4990	5230	5607
Minimum Service Level and Above sub-total	10,501	10,501	8143
Minimum Service Level and Above Percentage	47,51%	49%%	68%
Energy: **(below minimum level)**			
Electricity (< in-service level)	4990	5630	5607
Electricity - prepaid (< min. service level)	0	0	0
Other energy sources	0	0	0
Below Minimum Service Level sub-total	2	2	2
Below Minimum Service Level Percentage	45,5%	46.5%	40.7%
Total number of households	10960	12 087	13750
T 3.3.3			

Table 30: Electricity Min Service Delivery Levels [IS]

Description	2021/22 Actual No.	2022/23 Actual No.	2023/24 Actual No.
Formal Settlements			
Total households	10 960	12 087	13 750
Households below minimum service level	1872	1 200	3293
Proportion of households below minimum service level	18%	26%	24%
Informal Settlements			
Total households	1 872	1 200	3 293
Households below minimum service level	1872	1200	3293
Proportion of households below minimum service level	100%	100%	100%
T 3.3.4			

Table 31: Electricity Service Delivery Objectives [IS]

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Category	KPIs	2021/22		2022/23			2023/24	
Service Indicators (i)	(ii)	(ii)	Target	Actual	Target	Actual		Target	Actual
Service Objective: Develop and maintain infrastructure									
Electricity Infrastructure and Services	Formal Households	Percentage household with access minimum basic electricity services	97%	98%	95%	97%		100%	100%
	Informal Households	Percentage household with access minimum basic electricity services	0%	0%	0%	0%		0%	0%
T3.2.6									

Comments

- The target in the 2023/24 FY for the distribution of municipal electricity services is envisaged at 100%

Chapter 3

Table 32: Electricity Employee Levels [IS]

Employees: Electricity Services									
Job Level	2021/22	2022/23				2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%	No.	No.	No.	%
0 - 3	1	1	1	0	0%	1	1	1	100%
4 - 6	6	6	6	2.92	49%	6	6	2.92	49%
7 - 9	9	9	9	2.92	32%	0	0	0	0
10 - 12	0	0	0	0	0	0	0	0	0
13 - 15	0	0	0	0	0	9	9	2.92	32%
16 - 18	0	1	0	0	0	0	0	0	0
19 - 20	0	0	0	0	0	0	0	0	0
Total	16	17	16	5.84	34%	16	16	6.84	60,3%
T 3.3.6									

Table 33: Electricity Financial Performance [IS]

Financial Performance: Electricity Financial Performance R'000							
Details	2020/21	2021/22	2022/23	2023/24			
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12814	71154	-92681	-47	-47	-16	0%
Expenditure:							
Employees	2133	4556	4966	0	0	5529	0%

Repairs and Maintenance		25535	13378	0			#DIV/0!
Other	2890	88583	102137	0			#DIV/0!
Total Operational Expenditure	5024	118674	120481	0	0	5529	0%
Net Operational Expenditure	7791	-47520	27800	47	47	5545	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 Adjustment Budget by the Actual.							*T 3.3.7*

Table 34: Electricity Capital Expenditure [IS]

					R' 000
Capital Projects	**Year 2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All project					
	0				
Appointment of a Contractor for the Construction of 2 X 4km Feeder Lines to Ridgeview.	R40m				R40m
Electrification of 1 200 Households (HH) in Ridgeview – Phase 2	R 5m				R27m
Construction of 10MVA Balfour Substation – Phase 3	R34m				R34m
T 3.3.8					

Comment on electricity services performance overall:

- INEP Projects: Construction of Balfour 10MVA Substation is at 100% complete, awaiting for Eskom to energise their 88kV switching Substation.
- The Electrification plan of Ridgeview 1 200 Households is 100% complete and commissioned.
- Construction of 2 X 4km Feeder Lines [22kV] to Ridgeview is at 95% complete, the final project completion is envisaged to take place on March 2024.
- The municipality is currently faced with the looming/mushrooming of infrastructure vandalism and cable theft, perpetrators take advantage of outages of MV and LV network failure.
- The Municipality consist of one electrical Cherry Picker truck, which is responsible to services all three nodal points electrical network and it becomes difficult to focus on other responsibilities such as streetlights and high mast lights maintenance.

3.4 WASTE MANAGEMENT

WASTE MANAGEMENT [CSPS]

The Municipality provides Integrated Waste Management Services to all businesses, households, industries, institutions and informal settlement regular awareness and education campaigns on waste minimization, proper waste management techniques, and public participation (i.e., house-to-house) are done, and the operations at the landfill sites daily

The Municipality provides the waste service to Balfour Residential area, Balfour CBD, Siyathemba, Greylingstad, Grootvlei, Phomolong and Nthoroane, Thaba Kgoadi, Eskom P & H side. The Municipality has developed a Waste Collection Schedule which was adapted by Council and waste is collected in accordance to this schedule, which indicates the days of the week and areas which waste will be collected. The Municipality is also able to implement an alternative Waste Collection Schedule when one truck is non-operational due to mechanical breakdowns or failures. The service is rendered to **14 590** households and the Municipality has had a significant increase of the number of new developments and formalization of other settlements which need to receive the service.

The Municipality has some arrangements in place for collection of waste in some informal settlements which are inaccessible or have no roads. Residents are able to put waste in plastics bags on the kerbs of the main road on waste collection days as the Municipal approved Waste Collection schedule. Areas that still don't receive collection are the surrounding farms. There are no communal bins or own refuse dumps in such areas and illegal dumps still remain a challenge. The Municipality currently does not have the capacity to render service to the surrounding farms.

There is a significant decrease in the illegal dumping due to operation Letsema conducted every Mondays on a rotational basis in all wards to address the scourge of illegal dumping. The Municipality is performing well as it is currently sitting at **90 %** refuse removal service with a backlog of **10%** because of the inaccessibility of some of the residential areas due to bad road conditions and the backlog in farms areas.
The Municipality has had no increase in the number of households that receive a refuse removal service in this financial year as compared to the previous one.

1. Waste Disposal (Landfill) Sites

The Municipality has three landfill sites as discussed below:

The Balfour Waste Disposal Sites was issued a license in 2014, in terms of the National Environmental Management: Waste Act, 2008 (Act 59 of 2008). Authorization was granted for the upgrading of the Site, subject to the specified conditions. However, these conditions have not been met.

The site is operated by the Municipality. Cover material is not readily available and no regular covering of waste is occurring. The uncontrolled reclaiming of waste on the waste disposal site is interfering with the operational activities and should be formalised. There is regular burning of waste taking place which is done mainly by the informal reclaimers on site. The fence, allusion blocks and offices have been vandalised and the weight bridge erected has never been functional. Funding needs to be sourced to upgrade the site as specified on the License conditions.

The Grootvlei Waste Disposal Site was granted a license in 2014 for the construction of a transfer station of the Grootvlei Waste Disposal Site. The site has never been closed and is however still operational and receives waste from the surrounding areas. The site is operated by the municipality. Cover material is not readily available, and no regular covering of waste is occurring. The uncontrolled reclaiming of waste on the waste disposal site is interfering with the operational activities and should be formalised. There is regular burning of waste taking place which is done mainly by the informal reclaimers on site.
The Greylingstad Waste Disposal Site is licensed in terms of Section 45 of the National Environmental Management: Waste Act, (Act 59 of 2008) in 2014. The license was granted for the Closure of the Greylingstad Waste Disposal Site. The site has never been closed and is still operational and receives waste from the surrounding area. The municipality needs to source funds to ensure proper management of all its Waste Disposal Sites.

2. Litter Picking and Illegal Dumping
Litter picking is done daily from Mondays to Fridays in all CBD areas and occasionally during weekends, depending on the need. No permanent litter pickers are available to do litter picking along access routes. When EPWP or CWP employees are available, access roads are prioritized.
Illegal dumping of general waste, building rubble and soil are a major problem within the municipality. Illegal dumped waste is removed daily based on a programme and availability of fleet and resources.

3 Waste Minimization and Recycling
Recovery of recyclable materials is done mainly by private individuals and companies within the municipal area and sold to private buy-back centres in the area. According to the National Environmental Management Waste Act no 59 of 2008 Section 12, states that the Integrated Waste Management Plans must contain amongst other things, establish targets for collection, minimization, re use and recycling of waste. Unfortunately, our municipality is not equipped with necessary resources in order to implement waste minimization initiatives. Education and awareness on recycling is done frequently and when the needs arise.

WASTE COLLECTION AND TRANSPORTATION
Waste was collected in all wards as the planned waste collection schedule. Due to the increase in population and number of household, the generation of waste is getting doubled day by day. This increase of waste is affecting the space at the landfill sites. The Grootvlei and Nthoroane landfill site have reached their maximum capacity, also the lack of equipment's and machinery make both sites inaccessible. Waste piles have blocked the entrances and roads leading to the site. Regular/ daily compacting is not happening.

The following functions were performed by the Waste Management division:

Collection of waste in all nodal points as per waste removal schedule.
Clearing and Rehabilitation of Landfill sites in all nodal points
Maintenance of Parks, Sports ground and Recreational facilities
Cleaning of illegal dumping sites in all nodal points from time to time
Cutting of grass in all nodal points as per schedule
Cleaning of town all nodal points assisted y EPWP, CWP AND SIYATHUTHUKA Beneficiaries
Conducting Waste Management Awareness Campaigns

Table 35: Waste removal service delivery levels [CSPS]

solid waste service delivery level	households		
description	2021/22	2022/23	2023/24
	actual No.	actual No.	actual No.
Solid Waste Removal: **(Minimum level)**			
Removed at least once a week	14 590	14 590	14 590
Minimum Service Level and Above sub-total	14 590	14590	90 %
Minimum Service Level and Above percentage	89.2%	85%	
Solid Waste Removal: **(Below minimum level)**			
Removed less frequently than once a week	547	247	0
Using communal refuse dump	230	119	0
Using own refuse dump	95	45	72
Other rubbish disposal	100	55	1897
No rubbish disposal	250	155	1897
Below Minimum Service Level sub-total	1,222	621	3 866

solid waste service delivery level	households		
description	2021/22	2022/23	2023/24
	actual No.	actual No.	actual No.
Below Minimum Service Level percentage	10.8%	85%	26,5%
Total number of households	13190	13 624	14 590
Source: Statistic SA /CS 2016			

T 3.4.2

Table 36: Solid Waste Removal Min Services Levels [CSPS]

Description	2021/22	2022/23	2023/24
	Actual No.	Actual No	Actual No.
Formal Settlements			
Total households	14 590	14 590	14 590
Households below minimum service level	1459	1459	1459
Proportion of households below minimum service level	10 %	10 %	10 %
Informal Settlements			

Description	2021/22	2022/23	2023/24
	Actual	Actual	Actual
		No	No.
Total households	14 590	14590	14 590
Households below minimum service level	1459	1459	1459
Proportion of households below minimum service level	10%	10%	10 %

Table 37: Waste Management Service Policy Objectives [CSPS]

Service Objectives	Category	KPIs	2021/22		2022/23		2023/24		2024/2025
Service Indicators (i)	(ii)	(ii)	Target	Actual	Target	Actual	Target	Actual	Target the following year
Service Objective: Develop and maintain infrastructure									
Waste Management Infrastructure and Services	Formal Households	Percentage household with access to waste removal services	100%	90%	100%	90 %	100%	90 %	100%
	Informal Households	Percentage household with access minimum basic electricity services	100%	10%	100%	10%	100%	10 %	100%

Table 38: Solid Waste Management Employees [CSPS]

Employees: Human Resource Services					
Job Level	2022/23	2023/24			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	1	100%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	6	7	6	10	86%
13 - 15	10	16	10	16	62%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	17	24	17	27	63%

Table 13: Waste Disposal Financial Performance

The unit is operating with a **37%** staff complement whilst **63%** of the position remained vacant. The vacancy rate was augmented by the EPWP beneficiaries who are employed seasonal to assist the Municipality to render services to an acceptable level. The high vacancy rate warrants for an urgent review of the current organogram in order to enable to unit to fulfil its organizational objectives.

						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8576	10 875	10 633	10 633	11 603	9%

Expenditure:						
Employees	8507	9431	10 189	10 189	8 069	-21 %
Repairs and Maintenance					-	
Other	5340	1871	315	315	-	-100%
Total Operational Expenditure	13847	11302	10 504	10 504	8 069	-23%
Net Operational Expenditure	-5271	-427	129	129	3 534	
						T 3.4.7

Table 40: Waste Capital Expenditure Management Services [CSPS]

Capital Expenditure: Waste Management Services R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All projects	R5 000 000	R0.00	R5 000 000.00	R0.00	
T 3.4.9					

Comment on Waste Management Service Performance overall:

The Municipality has shown no increase in the number of households with both formal and informal that receive a refuse removal service from the Local Authority. The number of households that do not receive refuse removal service is in this case attributes to farms and rural areas that are remotely located and which are not easily accessible to the Municipality to render a Waste Removal Service. This is due to the lack of resources and inaccessible roads in such areas. Sibande Still Mine donated a compact truck to the Municipality (2023) and the Municipality purchased two compact trucks. Overall the Municipality is performing in average towards achieving 90% refuse removal services, there is seldom interruptions that occurs when there is mechanical breakdown of refuse removal trucks and during rainy inclement weather conditions.

Integrated Waste Management Plan is in place and has been approved by DLM Council and endorsed by the MEC (DARDLEA), is being implemented although with challenges such as the unavailability of Yellow fleet and appointment of personnel.

3.5 HOUSING (PED)

Dipaleseng Local Municipality subscribes to the notion of integrated and sustainable human settlements. Therefore, the identification and acquisition of well-located land, adequate access to municipal services, social and economic annuities including roads services continued to be the key determinant to achieve high levels of integration and sustainable human settlements. One of the Department of Human Settlements' areas of responsibility relates to the facilitation of the provisioning of housing subsidies.

Table 41: % of H/H with Access to Basic Housing

Percentage of households with access to basic housing			
Year end	**Total households (including formal and informal settlements)**	**Households in formal settlements**	**Percentage of HHs in formal settlements**
2023/24	18043	14750	81.7%
2022/23	14449	13176	91%
2021/22	1721	63	36%
			T 3.5.2

Table 42: Housing Services Employees

			Employees: Housing Services			
Job Level	2021/22	**2022/23**	**2023/24**			
	Employees		**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.		**No.**	**No.**	**No.**	**%**
0 - 3	0	0	3	0	0	0%
4 - 6	5	5	3	2	2	66%
7 - 9	0	0	0	1	0	0%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%

Employees: Housing Services						
Job Level	2021/22	2022/23	2023/24			
	Employees		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.		No.	No.	No.	%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	5	5	6	3	2	33%

T 3.5.4

Table 43: Housing Services Financial Performance

R' 000

Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R0.00	R0.00	R0.00	0%	
Land for RDP houses	R0.00	R0.00	R.000	0%	

R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
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*

Overall Comment

The budget for housing services resides at the Provincial department of human settlement, who are duly responsible for reporting on budget expenditure, whilst the municipality plays a facilitation role in the provision of the services.

Table 44: Housing Services Capital Expenditure [PED]

Capital Expenditure: Housing Services					R' 000
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R0.00	R0.00	R0.00	0%	
Land for RDP houses	R0.00	R0.00	R0.00	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*

Comment on the overall performance of the housing service:

The Municipality plays a facilitation role through sitting of steering committees which serve as a platform for reporting progress and raising challenges that may occur in the implementation of the project; and to provide interventions for the project to be successful and ensure good quality of houses.

Housing Subsidy Allocation and Implementation

In the financial year under review, a total of 400 subsidised housing units (RDP) were implemented in Ridgeview, Siyathemba. Beneficiaries have since taken occupancy of the completed units.

Title deed registration/restoration programme

This is a programme supported by DHS whereby Conveyancers are appointed on behalf of the Municipality for registration of title deeds to beneficiaries of subsidised housing units.

DHS has delivered a total of 355 title deeds, of which 341 were issued to intended beneficiaries and the remaining 14 title deeds could not be issued due to beneficiaries not being traceable.

Acquisition of land for development of integrated sustainable human settlements

Land is an upfront component of integrated sustainable human settlements and/or provision of housing as such there is a need to acquire land. A considerable amount of well-located land however belongs to private individuals and tends to be expensive. Notwithstanding these, it is still a Constitutional right for citizens to be provided with shelter within the available resources of the state and/or Municipality.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

FREE BASIC SERVICES AND INDIGENT SUPPORT [BTO]

The strategic objectives of Dipaleseng Local Municipality addresses the upliftment of the socio-economic status of the communities within the municipal area. To ensure that all residents within the community areas enjoy quality of life it is essential to monitor poverty levels and initiate programmes to decrease the number of households that are indigent. The review of the indigent register as well as continuous research in depth analysis on the root causes of such poverty is necessary to accurately determine the poverty levels in the community in order to develop strategies to alleviate the poverty levels. The provision of adequate basic services and municipal infrastructure remains a challenge throughout the municipality.

Table 45: Free Basic Services

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R3010 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2023/24		**1022**	**1022**	**100%**	**1022**	**100%**	**1022**	**1022**	**1022**	**100%**
2022/23		464	464	100%	464	100%	464	100%	464	100%
2020/21		1 071	1 071	100%	1 071	100%	1 071	100%	1 071	100%
										T 3.6.3

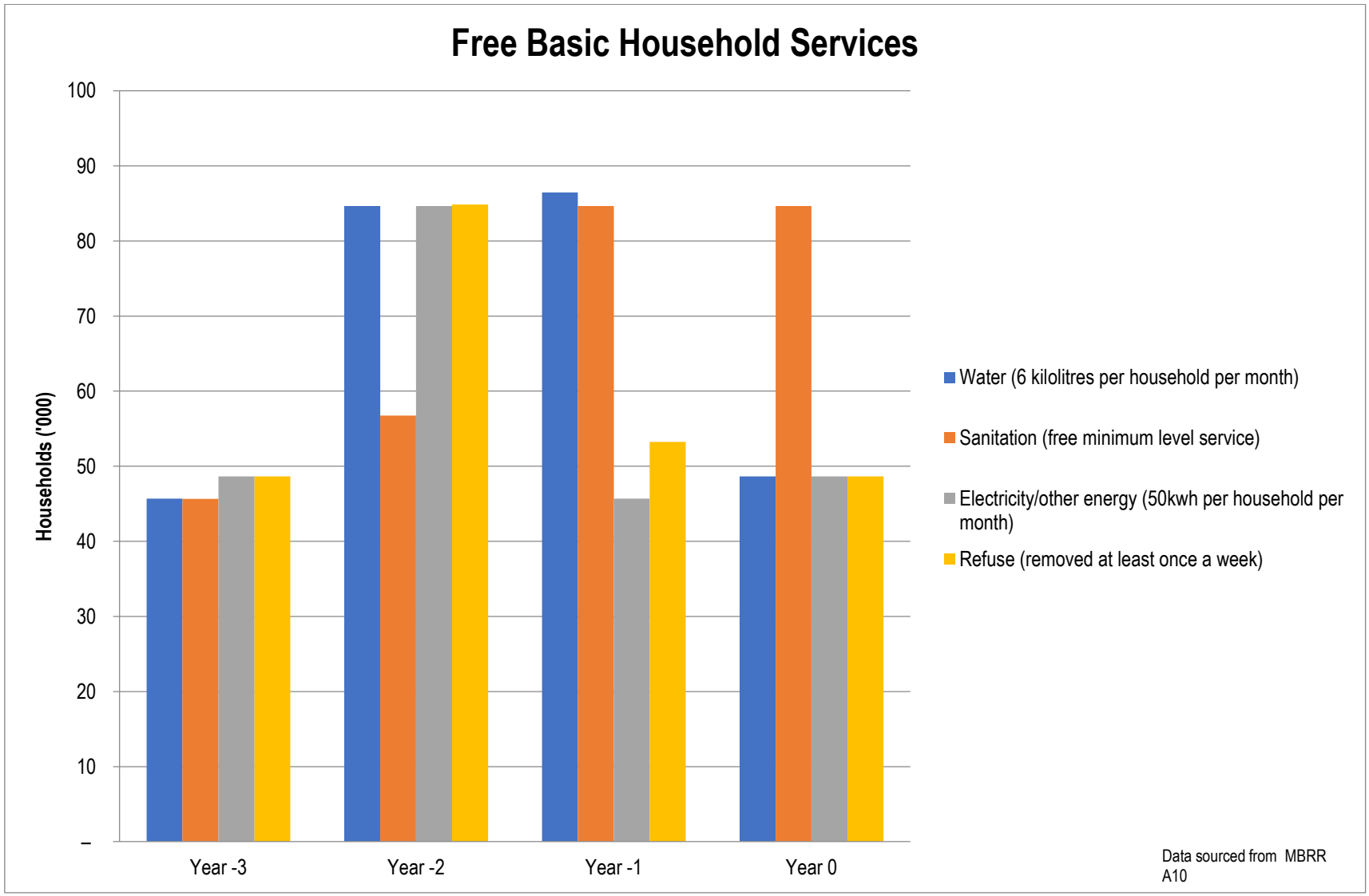
Free basic services are in respect on registered indigent only:

- Water (6 kilolitres per household per month)
- Sanitation (free minimum service level)
- Refuse Removal (removed at least once per week)

Table 46: Financial Cost for Free Basic Services [IS]

Financial Performance: Cost to Municipality of Free Basic Services Delivered						
Services Delivered	2021/22	2023/22	2023/24			
	Actual	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	464	805	3812	3812	2605	-46%
Waste Water (Sanitation)		805	200	350	359	44%
Electricity	300	805	21	21	3705	99%
Waste Management (Solid Waste)		805	4033	4183	6669	40%
Total	789	3 221	4033	4183	6669	40%
						T 3.6.4

Financial Performance: Cost to Municipality of Free Basic Services Delivered						
Services Delivered	c	2021/22	2023/24			
	Actual	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	805					-159%
Waste Water (Sanitation)	805					0%
Electricity	805					-159%
Waste Management (Solid Waste)	805					0%
Total	3 221					-159%
						T 3.6.4


Free Basic Household Services
Households ('000)
100
90
80
70
60
50
40
30
20
10
–
Year -3
Year -2
Year -1
Year 0
Water (6 kilolitres per household per month)
Sanitation (free minimum level service)
Electricity/other energy (50kwh per household per month)
Refuse (removed at least once a week)
Data sourced from MBRR A10

COMPONENT B: ROAD TRANSPORT [IS]

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

INTRODUCTION TO ROAD TRANSPORT

3.7 ROADS

ROADS AND STORMWATER UNIT

The roads within DLM range from tarred roads (which are mostly Class D access roads) and gravel to dusty roads which are at the fair to bad state due to budgetary challenges and capacity constraints.

The Mpumalanga Provence was hard hit by floods in the last FY and the impact was so huge to be declared a disaster in line with the Disaster Management Act no: 57 off 2002. The Municipality was granted R 5.7m to attend to the incurred damages. We have identified to repair the following streets as the damages was extreme:

- Regravelling of 2km roads in Rissik Street Balfour Town, [Ward 3]
- Resurfacing [tar and paving] of 0.5 km Roads in Monareng Street, Siyathemba [Ward 4]
- Reconstruction of access and regravelling of 0.5 km Road in Balfour [Ward 4]
-

Table 47: Gravel Road Infrastructure [IS]

Gravel Road Infrastructure				
	Total gravel roads Gravel roads constructed Gravel roads upgraded to tar	**New gravel roads constructed**	**Gravel roads upgraded to tar**	**Gravel roads graded/maintained (KM)**
2023/24	0.808	5.0	0.808	40
2022/23	221.1	0.3	0.8	30

Gravel Road Infrastructure				
	Total gravel roads Gravel roads constructed Gravel roads upgraded to tar	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained (KM)
2021/22	221.1	0.3	0.8	30
				T 3.7.2

Table 49: Cost of Maintenance

Cost of Construction/Maintenance (YEAR) R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2023/24	5	2425	235	802	0	3076.31
2022/23	0	4200	235	2200	0	200
2021/22	0	4200	235	2200	0	200
						T 3.7.4

Cost of Construction/Maintenance (YEAR) R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2023/24	5	2425	235	802 m	0	3076.31

Cost of Construction/Maintenance (YEAR) R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2022/23	0	4200	235	2200	0	200
2021/22	0	4200	235	2200	0	200
						T 3.7.4

T

Figure 5: Road Infrastructure Cost

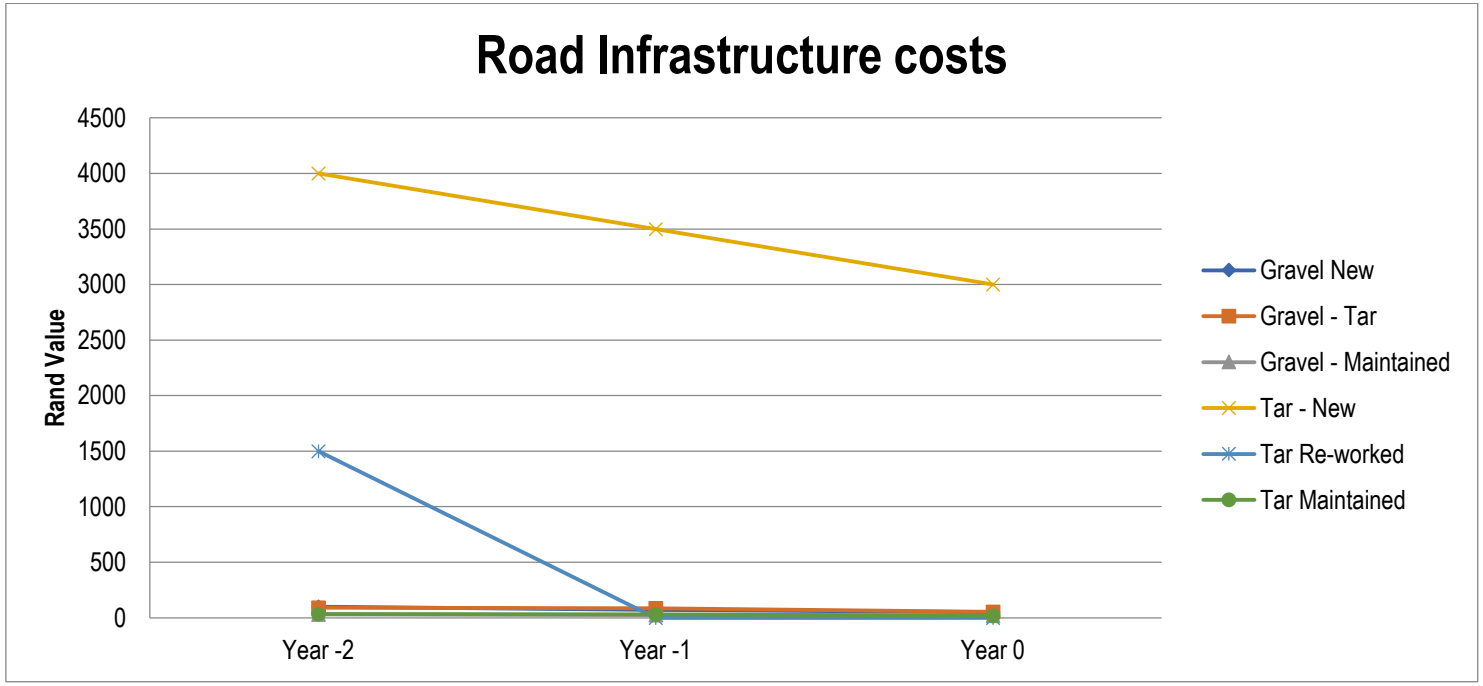


Table 50: Roads Service Policy Objectives [IS]

Service Objectives	Outline Service Targets	Year 2021/2022		Year 2022/2023		Year 2023/2024	
Service Indicators		Target	Actual	Target	Actual	Annual Target [km]	Actual performance [km]
Target	Actual	(vi)	(vi)	(vii)	(viii)	(v)	(vii)
Service Objective: Road Services							
Improved regravelled road network	Km's of gravel road upgraded by 30 June 2023/2024 Financial Year	NA	NA	1.319kms	1.318kms	40	24.25
Improved Stormwater drainage maintenance	Km's of stormwater drainage maintained by 30 June 2024			1,1kms	1,8kms	20	200

Service Objectives	Outline Service Targets	Year 2021/2022		Year 2022/2023		Year 2023/2024	
Service Indicators		Target	Actual	Target	Actual	Annual Target [km]	Actual performance [km]
Target	Actual	(vi)	(vi)	(vii)	(viii)	(v)	(vii)
Service Objective: Road Services							
Improved road network (Pothole patching)	m² of roads patched by 30 June 2023/2024 Financial Year					3 000	3 076.3

Table 51: Road Services Employees [IS]

Employees: Road Services									
Job Level	2021/22	2022/23				2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%	No.	No.	No.	%
0 - 3	0	0	0	0	0%	0	0	0	0%
4 - 6	0	1	1	0	0%	01	01	0	100%
7 - 9	0	0	0	0	0%	0	0	0	0%
10 - 12	7	12	12	0	0%	12	03	0	25%
13 - 15	5	10	10	0	0%	10	02	0	20%
16 - 18	0	0	0	0	0%	0	0	0	0%
19 - 20	0	0	0	0	0%	0	0	0	0%
Total	12	22	22	0	0%	22	06	0	27%
NB: Information derived from the current organogram *T3.7.7*									

Table 52: Roads Service Financial Performance

Financial Performance: Road Services R'000						
Details	**2021/22**	**2022/23**	**2023/24**			
	Actual	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	–	–	-	-	0	0%
Expenditure:						
Employees	3 147	3298	3812	3812	2605	-46%
Repairs and Maintenance	175	0	200	350	359	44%
Other	84	4 601	21	21	3705	99%
Total Operational Expenditure	3 406	4 601	4033	4183	6669	40%
Net Operational Expenditure	(3 406)	(4 601)	4033	4183	6669	40%

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*

Table 53: Road Services Capital Expenditure

Capital Expenditure: Road Services R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All projects				#DIV/0!	
Construction of 802 m long Dluldu Street in Siyathemba Ward 1	R12m		R12m		
Regravelling of 2km roads in Rissik Street Balfour Town, [Ward 3]	5.7m		R5.7m		
Resurfacing [tar and paving] of 0.5 km Roads in Monareng Street, Siyathemba [Ward 4]	R5.7m		R5.7m		
Reconstruction of access and regravelling of 0.5 km Road in Balfour [Ward 4]	R5.7m		R5,7m		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.7.9*

Comment on the performance of roads overall:

- The construction of 802m Dlludlu Street in Ward 1 is complete and commissioned.
- The Dipaleseng Local Municipality is employing drastic measures to address and mitigate further failures regarding the MDRG and improve basic service delivery.
- The actual expenditure for all the above projects has been spend 100%

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) [IS]

INTRODUCTION TO TRANSPORT

In terms of powers and functions the municipality does not provide public bus operation and other transport services; however the municipality acts as an agent of the province by providing vehicles registrations and licensing.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The storm water system within DLM is mostly natural open storm water system which does not have the capacity to handle or channel the run off during rainy seasons**.**

Table 54: Storm Water Infrastructure

Storm water Infrastructure Kilometres				
FY	Total Storm water measures [km]	New storm water measures [km]	Storm water measures upgraded [km]	Storm water measures maintained
2023/24	20	0.802	0.802	20

Storm water Infrastructure				Kilometres
FY	Total Storm water measures [km]	New storm water measures [km]	Storm water measures upgraded [km]	Storm water measures maintained
2022/23	110	1.652	0	33
2021/22	110	1.652	0	33
				T 3.9.2

Table 55: Storm Water Construction/Maintenance Costs

Comment:

No allocation for cost of storm water construction/maintenance is allocated.

Table 14: Storm Water Service Policy Objectives

Stormwater Policy Objective Taken From IDP									
Service Objectives	Outline Service Targets	Year 1		Year 0		Year 1		Year 3	
		Year 2021/2022		Year 2022/2023		Year 2023/2024 (Current Year)		Year 2025/2026 (Follow Year)	
Service Indicators		Target	Actual	Target	Actual	Target	Actual	Target	Actual
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective: Stormwater Management System									
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in system	Strategic Approval	No	Strategic Approval	No	Strategic Approval	No	Development	

Stormwater Policy Objective Taken From IDP									
Service Objectives	Outline Service Targets	Year 1		Year 0			Year 1	Year 3	
		Year 2021/2022		Year 2022/2023		Year 2023/2024 (Current Year)		Year 2025/2026 (Follow Year)	
Service Indicators		Target	Actual	Target	Actual	Target	Actual	Target	Actual
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)

Comment on the storm water tables

Storm Water tables relating to Employees, Financial Performance and Capital Expenditure included with Roads

COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT [PED]

PLANNING AND ECONOMIC DEVELOPMENT

The vision of the Department is to ensure integrated spatial planning, sustainable land use management and stimulation of economic development through:

- Exploiting existing economic potential of the Dipaleseng.
- Providing a framework for spatial planning and land use management.
- Establishment of safe and sustainable human settlements

3.10 PLANNING

The purpose of the unit is to Regulate, manage and promote well-coordinated spatial planning with focus on integration, redress and reversing undesirable settlement growth patterns. The municipality needs qualified town and regional planners to carry out the duties as set out by the Spatial Planning and Land use Management Act 16 of 2013.

The aim is to further manage Building Control within the entire jurisdiction of the Dipaleseng Municipal boundaries with the emphasis on the application of the Act on National Building Regulations and enforcement of the Act respectively.

Table 15: Applications for Land Use Development [PED]

Applications for Land Use Development							
Detail	Formalisation of Townships	Rezoning (all planning application)		Formalisation of townships	Rezoning (all planning application)	Formalisation of townships	Rezoning (all planning application)
	2019/20	2020/21	2021/22	2022/23	2022/23	2023/24	2023/24
Planning application received	2	8	2	1	10	1	5
Determination made in year of receipt	0	8	0	0	7	0	4
Determination made in following year	0	3	0	2	3	0	1
Applications withdrawn	0	0	0	0	0	0	0
Applications outstanding at year end	0	2	0		3	1	1
					T 3.10.2		

Comment on the performance of physical planning overall:

The section provides the statutory town planning applications received in the 2023/2024 financial year. These applications are assessed and/or reviewed by the Land Development Officer and approved by the Head of Department. COGTA is the monitoring authority in terms of the implementing SPLUM Act at local municipalities

where monthly reports and template are tabled before Section 80 committees and submitted to COGTA. It should further be noted that any number of planning applications received are assessed and approved in terms of the SPLUM Act (2013), SPLUM By-Law (2016) and Land Use Scheme (2022) in addition to relevant legislation.

Accordingly. In the financial year under review a total of 5 town planning rezoning applications and 4 were assessed and approved respectively. One township application was received and assessed but was subject to more processes including public participation and submission of further required documents.

There is one township establishment application that has since been approved by the Gert Sibande District Joint Municipal Planning Tribunal on Portion 16 of the Farm Vlakfontein 556 IR in the financial year which will be a private development.

Table 16: Planning Policy Objectives

Service Objectives *Service Indicators*	Outline Service Targets	2021/22		2022/23		2023/24	
		Target	Actual	Target	Actual	Target	Actual
Determine planning applications within an agreed timeframe	Approval / rejection of all built environment applications	100% (11)	100% (11)	100% (20)	100% (20)	100% (100)	100% (78)
	Reduce decisions overturned	0	0		0	0	0
T3.10.3							

There was an increase in building plans submitted and reviewed following continued development in Dipaleseng. In addition to the disposal of erven in Balfour North sites and implementation of Section 86(2) of the Dipaleseng SPLUM By-Law 2016 where compliance to SPLUMA is required prior to the issue of SPLUMA certificates. Although there was an increase in the number of building plans submitted and approved the actual work was still not achieved.

Table 17: Planning Services Employees [PED]

Employees: Planning Services						
Job Level	Year 2020/21				2022/23	2023/24
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	Employees	Employees
	No.	No.	No.	%	No.	No.
0 - 3	2	1	1	50%	2	2
4 - 6	2	1	1	50%	1	1
7 - 9	0	0	0	0%	0	0
10 - 12	0	0	0	0%	0	0
13 - 15	0	0	0	0%	0	0
16 - 18	0	0	0	0%	0	0
19 - 20	0	0	0	0%	0	0
Total	4	2	2	50%	3	3

Table 18: Planning Services Financial Performance [PED]

Financial Performance: Planning Services R'000						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-	0	0	-	0
Expenditure:						
Employees	4354	3 970	5237	5237	4 272	-23%
Repairs and Maintenance	0	-	-	-	-	0
Other	444	424	-	-	-	0%
Total Operational Expenditure	4798	4 394	5 237	5 237	4 272	-23%
Net Operational Expenditure	4798	4 394	(5 237)	(5 237)	(4 272)	-23%

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 3.10.5*

The variance in budget can be explained by the vacancy in the Director Planning and Economic Development position even though there have been acting incumbents in place.

Table 19: Planning Services Capital Expenditure [PED]

Capital Expenditure: Planning Services R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	0	0	0	0	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.10.6*

The Planning Services Department had no capital project implemented in the financial year under review

Comment on the performance of physical planning overall:

It must also be noted that the Dipaleseng Local Municipality continues to be a participant of the Gert Sibande District Joint Municipal Planning Tribunal as per Council resolution **C 163/05/24** dated the 30th of May 2024 with the three incumbents nominated to serve in the said GSDJMPT, namely Ms G Selepe (Legal Manager), Mr P Makhene (Electrical Manager) and Ms I. Mlonyeni (Town Planning Coordinator) for a period of five years.

The municipality approved a Land Invasion Policy as per Council resolution **C 153/05/23** dated 31st May 2023 with a view of curbing the already existing number of land invasions and informal settlements that have occurred on municipal and privately owned land. As it stands, the Dipaleseng Local Municipality has a total of 11 identified informal settlements wherein 9 informal settlements are being formalised through the Provincial Department of Human Settlements.

Integrated Residential Development Programme (IRDP) projects are implemented by the Provincial Department of Human Settlements for the following: Grootvlei Housing Development with a total budget of R20 323 996.53. The township had been approved in the 2021/22 financial years and proclaimed thereafter. There was an allocation of 142 erven for the installation of engineering services The second IRDP project is the Vlakfontein Township Development with a total budget of 50 160 345,80.

The implementation of upgrading plans/formalization of 9 informal settlements in wards 1, 2,4 and 5 that has since commenced from the 1st of July 2023. The project is undertaken in terms of the National Upgrading Support Programme which is driven by the NDoHS and is implemented in 63 municipalities throughout South Africa including Dipaleseng Local Municipality.

As a means of forward planning, the municipality continues to register potential housing beneficiaries on the National Housing Needs Register. There are 9274 potential beneficiaries that have been registered at the end of

the financial year with 1503 approved beneficiaries as at the end of June 2024. This approval is on the backdrop of the 400 completed housing allocated units in Ridgeview as at the end of June 2024.

A Land Acquisition and Disposal Policy was developed and approved in May 2022 as per item **C 153/05/23** to guide the disposal process of municipal property. It is however noted that the municipality still needs to develop an accurate land audit in order to ascertain its landmass which it owns and to avoid further challenges in the disposal process.

The municipality is compliant to the Spatial Planning and Land Use Management Act (SPLUMA) despite the need to drastically undertake the following initiatives:

- Need to facilitate integration and densification through well-located sustainable development and in-fills to promote integration.
- Capacity for the enforcement of SPLUMA that includes land enforcement/compliant officers
- Locate new developments closer to activity spine and corridors;
- Increase the development of housing in gap markets through Public Private Partnerships;
- Formalization of informal settlements in Siyathemba, Dasville, Nthoroane, Grootvlei through in-situ, incremental development and relocations.

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Local Economic Development (LED) within the Municipality aims at meeting the basic needs of people through establishment a conducive environment that will create jobs and alleviate poverty in a sustainable manner. This is achieved through a collaborated effort for which the Local Economic Development Forum (LEDF) is a driver to the success. LEDF therefore offers local government, the private sector, Non-Profit Organisations and local community the opportunity to work together to improve the local economy through investment attraction and retention initiatives; and Local Economic Development (LED) catalytic project implementation.

Table 20: Economic Activity by Sector

Economic Activity by Sector				
Sector	**2020/21**	**2021/2022**	**2022/23**	**2023/24**
Agric, forestry and fishing	24,1%	22.9%		16.4%
Mining and quarrying	21,1%	19,9%		15.8%
Manufacturing	16,8%	15.0%		6.9%
Wholesale and retail trade	8,6%	9,2%		17.8%
Finance, property, etc.	8,1%	8,5%		9.6%
Govt, community and social services	7.3%	8.0%		20.8%
Infrastructure services	6.9%	5,7%		-
Total				
Socio-economic Profile, 2024	*T 3.11.2*			

Table 21: Economic Employment by Sector

	Jobs		
Sector	**2020/21**	**2021/22**	**2023/24**
Agric, forestry and fishing	8,1%	8,5%	8.3%
Mining and quarrying	7.3%	8.0%	6.3%
Manufacturing	6.9%	5,7%	5.9%
Wholesale and retail trade	6.9%	5,7%	23.4%
Finance/insurance/real estate and business services	16,8%	15.0%	14.7%
Community/social and personal services	21,1%	19,9%	21.8%
Electricity, gas and water supply	0,7%	0,6%	0.6%
Construction	4,5%	5,4%	5.5%
Transport Storage and communication	2.0%	4,7%	4.8%
Private households	8,6%	9,2%	8.7%
Undetermined	8,1%	8,5%	-
Total	7.3%	8.0%	
Socio-economic Profile, 2024		*T 3.11.3*	

Comment on local job opportunities:

The Municipality facilitates creation of job opportunities and promotion of poverty alleviation strategies to ensure sustainable livelihoods, and compilation of a quarterly report on job opportunities created. There are temporary labour intensive job opportunities created through various projects and government initiatives (EPWP and temporal jobs through Capital Infrastructure Projects) running within the municipal jurisdiction.
A majority of local emerging companies (SMMEs) are sub-contracted through the implementation of the Preferential Procurement Regulation and in turn employ local labourers.

There were various construction projects running within the municipal jurisdiction ranging from roads, upgrade and/or development of sewer plants and installation of pipelines. These projects have a made an impact within the community as there has been employment opportunities created

Table 22: Jobs Created by LED Indicatives [PED]

Jobs Created during by LED Initiatives (Excluding 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**
Total (Infrastructure Projects)				
2020/21	288	0	288	timesheet
2021/22	256			Contract
2022/23	766	-	766	Timesheets & contracts
2023/24	53		53	Timesheets & contracts

Jobs Created during by LED Initiatives (Excluding 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 B: 2023/24	288	0.00	288	Timesheets
Initiative C 2022/23	766	-	766	Timesheets & contracts
Initiative C 2021/22	53	-	53	Timesheets & contracts
Source – Capital Infrastructure Projects				*T 3.11.5*

Table 23: Jobs Created by EPWP Indicatives [PED]

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2023/24	4	93
2022/23	3	85
2021/22	4	144
**Source - Extended Public Works Programme*		*T 3.11.6*

Table 24: LED Policy Objectives

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives *Service Indicators*	Outline Service Targets	2021/22		2020/21		2021/22		2022/23	2023/24
		Target	Target	Actual			*Following Year		
Service Objective: Local Economic Development									
Job Creation	No of workshops conducted	3	3	4	1		1	4	4
								T3.11.7	
Source:									

Table 25: LED Employees [PED]

Employees: Local Economic Development Services							
Job Level	2020/21	2021/22				2022/23	2023/24
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	Employees	Employees
	No.	No.	No.	No.	%	No.	No.
0 - 3	0	0	0	0	0%	1	1
4 - 6	1	5	1	1	80%	1	1
7 - 9	0	0	0	0	0%	0	0
10 - 12	0	0	0	0	0%	0	0
13 - 15	0	0	0	0	0%	0	0
16 - 18	0	0	0	0	0%	0	0
19 - 20	0	0	0	0	0%	0	0
Total	1	5	1	4	80%	2	2

Table 26: LED Financial Performance [PED]

Financial Performance Year: Local Economic Development Services R'000						
Details	2020/21	2021/22	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	
Expenditure:						
Employees	-	-	-	-	-	
Repairs and Maintenance	-	-	-	-	-	
Other	-	-	-	-	-	
Total Operational Expenditure	-		-	-	-	

Net Operational Expenditure	-		-	-	-	
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*

Comment:
All PEDS capital projects had to be cancelled during the year in question due to financial constraints that were resultant to the stopping of the Equitable Share Allocation.
LED is an unfunded mandate of the municipality; however, the financial performance and/or budget is being reported.

Table 27: LED Capital Expenditure [PED]

Capital Expenditure: Economic Development Services R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total all projects (na)	R 00 000,00	-	R0 000,00		
All PEDS capital projects had to be cancelled during the year in question due to financial constraints. *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*

Comment on local economic development performance overall:

The Dipaleseng Local Economic Development (LED) Strategy of the municipality was noted to be outdated. It was initially developed in 2011 with a lifespan ending in 2016. There had been no annual reviews of the said LED strategy to date and planned development of the document came with budgetary challenges.

There was an LED Summit held on the 21st to 22nd of September 2023 hosted by the Executive Mayor and municipality inviting the community, local business groups and stakeholders to an engaging session. At the conclusion of the LED Summit were summit resolutions since approved by Council **C 332/11/23**.

Subsequently, the LEDF structure and chairpersons was re-established and was council approved **C 333/11/23** with all the relevant chairpersons to serve for a further two years.
Despite the above the LED unit has been able to implement the following:

- Signing of the Sibanye Stillwater Mine Social Labour Plan towards Burnstone Farmer's Outgrower Project;
- Increasing the number of job opportunities through municipal interventions and robust implementation of the 30% Preferential Procurement Regulation of 2017
- Registration of SMMEs and Cooperatives on municipal database and capacitating local SMMEs through workshops;

- Review of the business licence policy and development of an EPWP policy
- Facilitation of workshops to capacitate local SMMEs

The LED Forum that remained in place from November 2023 until the 30th of November 2025 comprised of 12 sub-committees from the various economic sectors as outlined below:

No.	Sectors / Sub Committees	Name and Surname	Contact Details
1.	Mining and Energy	Mr Mosebenzi Khanyile	Cell: 083 982 4009
2.	Tourism, Arts and Culture	Ms Busisiwe Mlangeni	Cell: 064 943 2086
3.	Construction	Mr Zakhele Tshabalala	Cell: 084 522 4449
4.	Manufacturing	Mr Michael Tsotetsi	Cell: 082 690 1883
5.	Agriculture and Land Reforms	Mr Sipho Nzimande	Cell: 073 282 9148
6.	Education, Training and Development	Mr Thokozane Majola	Cell: 076 2202917
7.	Transport and Logistics	Mr Mkhulu Motloung	Cell: 076 030 3846
8.	Women in Business	Mrs Bathabile Sithole	Cell: 073 910 9595
9.	Youth in Business	Mr Siyabonga Buthelezi	Cell: 060 618 6611
10.	Unemployment	Mr Diphaphang Mokgomatha	Cell: 060 318 3631
11.	NPOs, NGOs and NPCs	Mrs Nomsa Sibiya	Cell: 083 728 8575
12.	Township and Rural SMMEs	Ms Palesa Nhlapo	Cell: 064 308 5209

LEDF sittings convened quarterly as per the SDBIP.

Council also managed to also implement the Sibanye Stillwater Mine Social Labour Plan for the Burnstone Farmer's Outgrower Project as per item **C 247/08/23.**

In terms of job creation the municipality managed to create 93 job opportunities through its Expanded Public Works Grant which amounted to R1 156 000.00. 53 local labourer jobs were also created through three infrastructure projects through various their various phases. These projects were funded through MIG and INEP

COMPONENT D: COMMUNITY& SOCIAL SERVICES [CSPS]

COMMUNITY AND SOCIAL SERVICES

Environmental Health Practioners (EHP) employees:

The service is provided by the Gert Sibande District Municipality. Two (2) official are deployed to assist in Dipaleseng Local Municipality with various activities including monitoring and ensuring compliance in all business around Dipaleseng.

3.12 LIBRARIES; COMMUNITY FACILITIES; OTHER [CSPS]

INTRODUCTION TO LIBRARIES; COMMUNITY FACILITIES

The primary purpose or function of Dipaleseng Local Municipality Library and information Service is to provide resources and services in a variety of media to meet the needs of individuals and groups for education, information and personal development including recreation and leisure.

The main areas of focus are;

Access to Information, increment in the number of new library membership, free computer and internet service, and Education and awareness outreach programs.

Library also provide services for blind and partially sighted people at the Balfour main library.

There are three libraries in the municipal nodal areas (Balfour, Nthoroane and Grootvlei).

Mobile Library was donated by Eskom to municipality in Nthoroane

Shared service of staff (DCSR+ DLM) 2 librarians deployed by DCSR, 1 librarian employed by DLM including 01 assistant librarian

The Balfour library is operated on a flexi shift hours to accommodate members of the public.

Table 28: Libraries Policy Objectives [CSPS]

Libraries; Community Facilities; Other Policy Objectives Taken From IDP							
Service Objectives *Service Indicators*	Outline Service Targets	2021/22		2022/23		2023/24	
		Target	Actual	Target	Actual	Target	Actual
Service Objective: Improve community well-being							
Improved utilisation of Library Services	Number of Library members utilising the library	0	0	5 800	2900	5800	5331

T3. 12.3

Table 29: Libraries Employees [CSPS]

Employees: Libraries and Community Facilities					
Job Level	2022/23	2023/24			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0	0	0	0%
4 - 6	1	4	0	4	100%
7 - 9	4	1	4	1	25%
10 - 12	0	0	0	0	0%
13 - 15	1	2	1	2	50%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	6	7	5	7	71 %

*Four permanent employees, (2 DCSR, 2DLM).

R'000						
Details	2020/21	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13	1	1	1	-	#DIV/0!
Expenditure:						
Employees	240	412	383	412	383	-8%
Repairs and Maintenance	0	0	-	-	-	0%
Other	0	0	3	3	-	0%

Total Operational Expenditure	240	334	383	383	383	0%
Net Operational Expenditure	-227	333	383	383	383	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 Adjustment Budget by the Actual. *T 3.1.8*

Table 30: Libraries Financial Performance

Financial Performance: Libraries and Community Facilities R'000						
Details	**2019/20**	**2022/23**	**2023/24**			
	Actual	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue			1	1	4	300%
Expenditure:						
Employees			434	434	405	-7%
Repairs and Maintenance	-	-	-	-	-	%
Other			3	3	-	%
Total Operational Expenditure			437	437	405	-7%
Net Operational Expenditure			(436)	(436)	(401)	-8%
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*						

Table 31: Libraries Capital Expenditure [CSPS]

R' 000					
Capital Projects	**Year 2023/24**				
	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*

Comment on the performance of libraries;
No capital expenditure was incurred in the year under review.

3.13 CEMETERIES AND CREMATORIUMS

The municipality has a total of nine cemeteries and four have reached a fullest maximum capacity and are closed. Five are operational. There is no official assigned appointed to perform the duties of bookings and monitoring that graves are allocated correctly.

All the active and inactive cemeteries are experiencing operational problems in varying degrees, but mainly as a result of a severe equipment and personnel shortage.

Table 32: Cemeteries Financial Performance [CSPS]

R'000						
Details	**2021/22**	**2022/23**	**2023/24**			
	Actual	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	178	106	189	189	221	17%
Expenditure:						
Employees	–	0	-	-	-	0%
Repairs and Maintenance	–	0	-	-	-	0%
Other	32	40	31	31	5	-84%
Total Operational Expenditure	32	40	31	31	5	-84%

Net Operational surplus/deficit	146	66	158	158	216	37%
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*

Table 33: Cemeteries Capital Expenditure [CSPS]

Capital Expenditure: Cemeteries R' 000					
Capital Projects	**2023/24**				
	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 3.13.6*

Comment on the performance of cemeteries and crematoriums overall:

New cemetery land has been identified in Nthorwane awaiting formalization and relevant studies.

3.14 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES [CSPS]

CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The programmes and activities in respect of the Mainstreaming of Transversal Issues within the municipality in partnership with various stakeholders. The budgetary constraints remains a major

Challenge in mainstreaming of Transversal issues and working in silos from all sector departments and stakeholders when dealing with transversal issues causes the duplication of programmes targeting the same beneficiaries or audience.

1. OLDER PERSONS'

Stakeholders:

- Masibambane Luncheon Club
- Kagiso Luncheon Club
- Zama Luncheon Club
- Dipaleseng Local Municipality
- Department of Social Development
- Department of Health
- Gert Sibande District Municipality
- Mpumalanga Provincial Legislature

2. MAINSTREAMING OF CHILDREN'S RIGHTS ISSUES

Stakeholders:

- Dipaleseng Local Municipality
- Gert Sibande District Municipality
- Children
- Stimulation Centres
- Dipaleseng ECD Forum
- Department of Basic Education
- Department of Social Development
- Department of Health
- Mpumalanga Provincial Legislature

3. MORAL REGENERATION ISSUES

Stakeholders:

- Dipaleseng Local Municipality
- Gert Sibande District Municipality
- Faith Based Organisation
- Dipaleseng Pastors' Forum

Service Objectives *Service Indicators*	**Outline Service Targets**	**2022/2023**		**2023/24**	
		Target	**Actual**	**Target**	**Actual**
Service Objective:					
SDBIP Indicators:		20	13	20	13
	Good governance and public participation	NA	NA	NA	NA

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION [CSPS]

This component includes: Pollution Control; Biodiversity and Landscape; and Costal protection.

ENVIRONMENTAL PROTECTION

This component includes: Pollution Control; Biodiversity and Landscape; and Costal protection.

Environmental protection comprises of human health, including the quality of life, determined by physical biological social and psych-social factors in the environment. It also refers to the theory and practice of ascertaining correcting; controlling and preventing those factors in the environment can have adverse effects to the health of people.

Services provided by the GSDM include the monitoring of all business sites as well as the following:

- Ensure compliance with the NEMA, 59 OF 2008 as amended.
- Conduct awareness campaigns
- Monitor Municipal infrastructure e.g. water, spillages, etc.

3.15 POLLUTION CONTROL [CSPS]

POLLUTION CONTROL

Environmental protection is the practice of protecting the natural environment. Dipaleseng Local Municipality has an air monitoring station and water sampling is done on a monthly basis to ensure that the community receives water that meets the standards of the National Water Act. These roles and responsibility for pollution control is provided by the two (2) District Municipality of GSDM Environmental Health Practioners (EHP) whose duties include the following:

- Increase awareness to ensure compliance to the National Health Act

- Ensure compliance to Air Quality Standard by taking reading and monitoring the air quality station on a monthly basis
- Ensure compliance to water quality standard for the community to receive good and healthy water

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND CONVERSATION

This function is performed by Gert Sibande District.

Table 34: Biodiversity, Conversation and Other Policy Objectives

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP							
Service Objectives *Service Indicators*	**Outline Service Targets**	**2021/22**		**2022/23**		**2023/24**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Service Objective: Improve community well-being							
	Provide safe, healthy and sustainable environment	NA	NA	NA	NA	NA	NA
	It is not the competency of the Municipality				T 3.16.3		

Table 35: Parks and Recreation Employees [CSPS]

Parks and recreation					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	1	5	1	5	80 %
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	5	1	5	80%

Table 36: Parks and Recreation Financial Performance [CSPS]

Financial Performance: Parks and Recreation R'000						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	-	-	-	-	-
Expenditure:						
Employees	918	947	989	989	1081	9%
Repairs and Maintenance	-	-	-	-	-	-
Other	0	-	526	526	0	-100%
Total Operational Expenditure	918	947	1515	1515	1081	-29%
Net Operational Expenditure	918	947	1515	1515	1081	-29%

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 3.16.5*

Table 37: Parks and Recreation Capital Expenditure [CSPS]

Capital Expenditure: Parks and recreation R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	R0.00	R0.00	R0.00	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.16.6*

Comment on the performance of Parks and Recreation overall:
There is only one personnel attached to the section

Comment on the performance of Parks and Recreation overall:
The division provides services with respect to the following components:

- Ensure that all Parks, Sport Facilities, Taxi ranks, Streets are clean and well maintained
- Monitoring and maintaining of the Parks and Recreational facilities
- Development of both children play Parks and adults Parks

.

Table 38: Parks and Recreation Employees [CSPS]

Parks and recreation					
Job Level	**2022/23**	**2023/24**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	1	10	1	1	10 %
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	10	1	1	80%

COMPONENT F: HEALTH [CSPS]

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

INTRODUCTION TO HEALTH [CSPS]

Municipal Health service is the competence of the District Municipality. Gert Sibande District Municipality has deployed two (2) Environmental Health Practitioners (EHP) to assist with Environmental Health Services within Dipaleseng Local Municipality.

3.17 CLINICS [CSPS]

INTRODUCTION TO CLINICS

The Province has assumed all responsibility in the Municipal District for the provision of health-care related services such as clinics, ambulance services etc.

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

Not applicable to this Municipality responsibility with Province

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Not a core functions of the Municipality. This function is performed by the District Municipality.

COMPONENT G: SECURITY AND SAFETY [CSPS]

3.20 TRAFFIC [CSPS]

INTRODUCTION TO TRAFFIC

The main function performed by this division is as follows:

- Increase awareness and enforcement of Traffic and Transport rules and regulations
- Increase awareness of By-laws for compliance purposes
- Manage the delivery of effective and efficient Traffic control and Motor Vehicle licensing services

Table 39: Traffic Statistics

Municipal Traffic Service Data					
	Details	2022/23		2023/24	
		Target	Actual	Target	Actual
1	Number of Traffic Law enforcement activities conducted by 30 June 2024	322		1620	17452
2	Number of road safety awareness campaigns conducted 30 June 2024	6		12	7
3	Number of By-Laws awareness campaign conducted by 30 June 2024	4		4	4
4	Number of Licence activities conducted by 30 June 2024	4650		4650	4843

Comments on Traffic and Law Enforcement:

The rendering of services, particularly Traffic and Licensing is effective without any interruption. The Traffic officers are always visible within three nodal points, a duty rooster is developed on a weekly basis to enforce the rules of the road and signs.

The following function are performed by the unit

Street marking in all nodal points
Installed Street signs in all nodal points
Drivers' licenses issued
Learners' license issued
Vehicle roadworthy certificates issued
Registration of cars conducted

3.21 FIRE

FIRE SERVICES

The division promotes and Increases awareness to ensure compliance with Fire Brigade Act.

The Fire and Rescue Services have personnel strength of five (3) staff members, all Fire fighters. The post of Chief Fire has long been vacant and the recruitment process has started. The service is not operational on a 24-hour basis due to shortage of Personnel and Fire engine. The Division respond partially to Emergency incidents, which include fires, vehicle collisions, entrapments/rescues and various other related special services. The service strives to respond to all emergency calls during operational hours within an hour timeframe from receipt of call to dispatch of the vehicles; currently the goal is to have 100% compliance as a benchmark. The focus of the service will change from a response outlook to that of a preventative nature. During 2023/24 financial year various communique were sent to various stakeholders requesting assistance especially donation of Fire engine to no avail. Cogta donated a rescue bakkie and a trailer was procured by DLM to complement a skid unit in case of Fire especially during winter seasons.

Table 40: Fire Service Statistics

No.	Details	2022/23		2023/24	
		Target	Actual	Target	Actual
#	Number of community survey conducted in the provision of Emergency Services Municipal wide by 30 June 2024	0	0	4	3
#	Number of incidences reports on informal settlements affected by structural fires by 30 June 2024	0	0	4	4
#	Number of reports on structural fires occurring in informal settlements by 30 June 2024	0	0	4	4
#	Number of part time fire-fighters reservists in the service of the municipality by 30 June 2024	0	0	2	0
#	Number of reports on displaced persons to whom the municipality delivered assistance by 30 June 2024	0	0	4	4
#	Number of awareness campaigns conducted (emergency services) by 30 June 2024	10		12	12

Table 41: Fire Services Policy Objectives [CSPS]

Fire Service Policy Objectives Taken From IDP							
Service Objectives	**Outline Service Targets**	**2020/21**		**2022/23**		**2023/24**	
Service Indicators		**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Service Objective: Improve community well-being (Safety and Security)							
Improve Reports to Emergency Services	Number of community survey conducted in the provision of Emergency Services Municipal wide by 30 June 2024	N/A	N/A	12	12	4	3
Increased dwellings in informal settlement affected by structural fires	Number of incidences reports on informal settlements affected by structural fires by 30 June 2024	N/A	N/A	N/A	N/A	4	4
Increased structural fires occurring in informal settlements	Number of reports on structural fires occurring in informal settlements by 30 June 2024	N/A	N/A	N/A	N/A	2	0
Conduct awareness campaigns	Number of awareness campaigns conducted (emergency services) by 30 June 2024	N/A	N/A	16	16	12	12
							T3. 21.3

Table 42: Fire Services Employees [CSPS]

Employees: Fire Services					
Job Level	**Year 2022/23**	**Year 2023/24**			
Fire Fighters **Administrators**	**Employees** **No.**	**Posts** **No.**	**Employees** **No.**	**Vacancies (fulltime equivalents)** **No.**	**Vacancies (as a % of total posts)** **%**
0 - 3	1	1	0	1	100%
4 - 6	0	0	0	0	0
7 - 9	6	7	3	4	75%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0

Table 43: Fire Services Financial Performance [CSPS]

Financial Performance: Fire Services R'000						
Details	**Year 2020/21**	**Year 2022/23**	**Year 2023/24**			
	Actual	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Fire fighters	-	-	-	-	-	
Other 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 3.21.5*

Table 44: Fire Services Capital Expenditure [CSPS]

Capital Expenditure: Fire Services R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	- R0.00	R0.00	R0.00	- R0.00	
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:
None

3.22 DISASTER MANAGEMENT

DISASTER MANAGEMENT

This is a shared function between Dipaleseng Local Municipality and Gert Sibande District. Dipaleseng local Municipality is legally obliged to prepare a Disaster management plan for its area according to the circumstances prevailing in the area; to co-ordinate and align the implementation of its plan with those of other organs of state and institutional role players; and to regularly review and update its plan.

The Municipality must also consult the Gert Sibande District Municipality and Provincial disaster management Centre on the preparation or amendment of its plan.

Section 53(1) (a) of the Disaster Management Act, 2002 (Act 57 of 2002) requires the Dipaleseng Local Municipality to prepare a disaster management plan for its area according to the circumstances prevailing in the area and within its municipal disaster management framework.

The responsibility for the coordination of the overall implementation of the Disaster management plan is that of the Head of Disaster Management. (Disaster management officer)

PARTICIPATION OF EXTERNAL SERVICES:

Lesedi Local Municipality Control Center number is: 016 3300400/016 341 4327 requests to be made through observing the protocol, should we have an eventuality which is beyond our control during this period:

Lekwa Local Municipality Fire and Rescue...../082 855 3497(Chief Fire Officer)

- Mr. Maritz Fire and Emergency Services control Centre contact:017 779 9080/
- Mr. Louw Maritz Cell:082 457 1705 (as a last resort)
- Emfuleni Fire Services: 016 440 4000
- Midvaal Fire Services: 016 360 7503
- Sasol control Centre: 0800212 260
- Eskom Grootvlei control Centre: 017 779 8400
- Ekurhuleni control Centre: 011 458 0911

Table 85: Disaster Management Policy Objective [CSPS]

Fire Service Policy Objectives Taken From IDP							
Service Objectives *Service Indicators*	**Outline Service Targets**	**2021/22**		**2022/23**		**2023/24**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Service Objective: Improve community well-being (Disaster Management)							
To develop and implement a comprehensive Disaster Management plan	Functional Disaster Management Centre	100%	100%	100%	100%	100%	100%
							T3.22.3

Table 45: Disaster Management Employees [CSPS]

Employees: Disaster Management Etc.					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0

-N.B.: This function is performed at the District level

Table 46: Disaster Management Financial Performance [CSPS]

Financial Performance Year: Disaster Management Etc.						
						R'000
Details	2021/22	2022/23	2023/24			
	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 3.22.5*

Table 47: Disaster Management Capital Expenditure [CSPS]

Capital Expenditure: Disaster Management					
					R' 000
Capital Projects	2023/24				
	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*

Comment on the performance of disaster management:
This function it's a responsibility of Gert Sibande district municipality

COMPONENT H: SPORT AND RECREATION **[CSPS]**

This component includes: Community Parks; Sports fields; Sports Halls; Stadiums; Swimming pools; and Camp sites.

3.23 SPORT AND RECREATION

SPORT AND RECREATION

The Municipality has no post budgeted to provide services in this regard and currently the appointed Transversal Coordinator assumes responsibility for any ad hoc initiatives that are implemented.

Table 48: S&R Policy Objectives [CSPS]

Service Objectives *Service Indicators*	Outline Service Targets	2021/22		2022/23		2023/24	
		Target	Target	Actual	Target	Actual	Actual
Community Development and cohesion		Na/	n/a	n/a	n/a	n/a	n/a
						T3. 23.2	

Table 49: S&R Employees

Employees: Sport and Recreation					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	10	0	1	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0

Table 50: S&R Financial Performance

						R'000
Details	2021/22	2022/23	2023/24			
	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 3.23.4*

Table 51: S&R Capital Expenditure [CSPS]

R'000						
Details	**2021/22**	**2022/23**	**2023/24**			
	Actual	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	–	-	-	-	-	0%
Expenditure:						
Employees	0	0	0	0	0	0%
Repairs and Maintenance	-	-	-	-	-	0%
Other		0	-	-	-	0%
Total Operational Expenditure	0	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0	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 3.16.5*

Comment on the performance of sport and recreation overall:

No financial allocation for the period under review.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES **[CS]**

CORPORATE POLICY OFFICES

The Office of the Municipal Manager is responsible for Good Corporate Governance and Public Participation; the Finance Department is responsible for financial management and administration; the Corporate Services Department is responsible for general administration, human resources management, ICT, Communication as well as committee secretarial support, whilst the Planning and Development Department administers land-use management and stimulation of economic development; and Community Services and Public Safety administers waste management, emergency services and council properties.

3.24 EXECUTIVE AND COUNCIL [CS]

The Office of the Speaker has performed the following functions:

- Ensure council meets at least quarterly.
- Preside over council meetings.
- Facilitate and liaise with municipal stakeholders.
- Monitor compliance on the implementation of Council resolutions.
- Ensure councillors comply with code of conduct.
- Ensure compliance with council and council committee rules and standing orders

The Office of the Executive Mayor has performed the following functions

- Identify, evaluate and prioritise the needs of the municipality and make recommendations to the council.
- Develop key performance areas against which progress to be measured and evaluated.
- Ensure implementation of policies and by-laws.
- Provide general political guidance over the fiscal and financial affairs (budget) of the municipality.
- Oversee the provision of services to the community.

Table 52: Mayoral, Council and Special Meetings

Service Objectives *Service Indicators*	Outline Service Targets	2021/22		2022/23		2023/24	
		Target	Actual	Target	Actual	Target	Actual
		Meetings Convened by Mayoral Committee					
Democratic and accountable Organisation							
Good Governance and Community Participation	Cooperative and Democratic Governance, number of meetings	11	11	11	11	11	07
		Meetings Convened by Council					
		2021/22		2022/23		2023/24	
		Target	Actual	Target	Actual	Target	Actual
		4	27	4	12	4	12
						T3. 24.3	

Table 53: Exec and Council Policy Objectives

Service Objectives *Service Indicators*	Outline Service Targets	2021/22		2022/23		2023/24	
		Target	Actual	Target	Actual	Target	Actual
		Meetings Convened by Mayoral Committee					
High Performing Organization							
Improved organizational Performance	Number of mayoral and council meeting convened	11	11	11	11	11	07
		Meetings Convened by Council					
		2021/22		2022/23		2023/24	
		Target	Actual	Target	Actual	Target	Actual
		4	27	4	12	4	12
						T3. 24.3	

The Mayoral Committee held seven (07) meetings instead of eleven (11) and four (4) meetings couldn't convene due to the vacant position of Executive Mayor.

The reports were processed through to Council, which held twelve (12) meetings including, special sittings for approval of the Budget, IDP Review, Auditor General's Report and Annual Report.

Table 54: Exec and Council Employees

Employees: The Executive and Council					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	37	20	17	46%
4 - 6	0	57	27	30	53 %
7 - 9	0	85	27	55	65 %
10 - 12	0	79	33	27	34 %
13 - 15	0	234	78	186	79%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	6	492	185	315	64 %

Comment on the performance of the executive and Council

The municipality has a total number of 492 positions, the filled positions are 185, with the vacant positions 315 which translates to 64% vacancy rate. These prevailing situation will self-correct during the full implementation of new staff regulation which places strong emphasis on position related to core municipal functions.

Table 55: Exec and Council Financial Performance

Financial Performance: The Executive and Council						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	62430	(91 331)				#DIV/0!
Expenditure:						
Employees	5468	52	105.00	105.00	-	#DIV/0!
Repairs and Maintenance	-	-	-	-	-	
Other	1474	1 691	-	-		#DIV/0!
Total Operational Expenditure	6942	1 743	105.00	105.00	-	#DIV/0!
Net Operational Expenditure	55488	(89 588)	(105.00)	(105.00)	-	#DIV/0!

Capital Expenditure					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R0.00	R0.00	R0.00	0%	
Project A	-	-	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.24.6*
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.24.6*

Comment on the performance of the executive and Council [CS]

None

3.25 FINANCIAL SERVICES

FINANCIAL SERVICES

The Department Financial Services is responsible for the delivery of all financial-related services to the Municipality.

This functions were performed.

- Financial guidance.
- Budget, financial statements and related aspects.
- Expenditure management, which includes salaries and wages.
- Income and receivables services.
- Supply chain and logistics management services
- Assets management.

The aim of this Department is to keep the financial position of the Municipality stable and to ensure that it will continue to being able to not only meeting its financial commitments but to ensure that economically viable services are rendered to the community on an effective and efficient manner. To maintain the present high standard of financial services the Municipality must adhere to many acts and other legal prescripts, policies, regulations.

Table 56: Financial Services Employees Needs to be cleaned up

Employees: Financial Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	9	8	1	88%
4 - 6	5	0	12	8	2	66%
7 - 9	3	2	11	7	4	63%
10 - 12	7	7	0	0	0	0%
13 - 15	0	0	4	4	0	100%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	17	11	36	27	7	75%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. 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.*
T 3.25.4

Table 57: Financial Services Financial Performance

FINANCIAL PERFORMANCE FINANCE						R'000
Details	2022/23		2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	79048	(83 775)	-	-	-	#DIV/0!
Expenditure:						
Employees	9217	10 044	10 403	10 403	13 806	25%
Repairs and Maintenance	-	37	-	-	-	-
Other	40770	24 222	-	-	-	0%
Total Operational Expenditure	49987	34 303	10 403	10 403	13 806	25%
Net Operational Expenditure	29061	(49 472)	(10 403)	(10 403)	(13 806)	25%

Table 99: Capital expenditure Financial Performance [BTO]

Capital Expenditure: Financial Services R' 000					
Capital Projects	**2023/24**				
	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*

3.26 HUMAN RESOURCE SERVICES

HUMAN RESOURCE SERVICES [CS]

The division of Human Resource Services performed the following functions:

- Render human resources conditions of service;
- Manage human resources organisational strategy and planning;
- Manage human resources utilisation and capacity development.
- Render occupational health and safety services;
- Administer human resources management system;
- Coordinate employee health and wellness; and
- Render organisational development and facilitate job evaluation

- The Skills Development Facilitation function managed to develop and submit an annual 2023/24 Employment Equity Report to the Department of Labour, skills audit was conduct and Skills Audit questionnaire were loaded on the National COGTA gap skills system, Annual Workplace Skills Plan was developed for 2023/24 and implemented, as well as submit the Annual Training Report to the LGSETA. This was made possible by merging the function of Employment Equity Officer and that of the Skills Development Officer to be performed by the Skills Development Facilitator.

The Occupational Health and Safety function is primary focused on the following:-

- Creating and maintaining a safe working environment
- Preventing workplace accidents

A major obstacle in achieving these primary objectives was among other things, insufficient budget, unconducive working environment, lack of resources.

Employee Wellness is based on the premise that “People who are well work well”. In this context, Employee Wellness entails all the strategies, action plans and methods used to promote physical, emotional and mental health of employees. Substance abuse and especially Alcohol Abuse must be continuously addressed within the municipality by means of raising awareness, identifying peer counselors and external referrals. Employees experiencing difficulties must be referred for substance abuse rehabilitation mainly within Gert Sibande District. In support of these initiatives, managers and supervisors should be workshopped by the Rehabilitation Centre on the management of substance abuse in the workplace. A Drug and Alcohol Support Group must be initiated to provide further assistance to staff members that are undergoing rehabilitation.

In certain instances employees experiencing distress as result of emotional, psychological or relationship difficulties which can result to direct impact on work performance or result from work-related incidents, employees should receive internal counselling and in severe cases they must be referred to external counselling or psychological intervention. Post-Traumatic Stress and Incident Debriefing sessions must be arranged where there is a need. During financial year 2023/2024 medical aids conducted awareness campaigns to employees to encourage them with their well- being.

Table 58: HR Policy Objectives [CS]

Human Resource Services Objectives Taken From IDP							
Service Objectives	**Outline Service Targets**	**2021/22**		**2022/23**		**2023/24**	
Service Indicators		**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Objective: High Perfoming Organisation							
Improved Organisational performance	Number of strategic position filled	6	6	6	2	6	0
	Number of Skills Development Programme submitted						
	Number of performance agreement signed	6	6	6	6	6	6
	Hr. policy universe reviewed by May 2024	15	15	15	15	16	16
							T3.71.3

Comment on the performance of Human Resource Services overall:

During financial year 2023/24 the Human Resources Management managed to recruit four (04) employees including the key critical post of Legal Manager. The Human Resource policies were reviewed and approved by Council under item C155/05/23.The workplace Skills plan was developed and implemented , Forty (42) employees were trained including 5 Councilors and 20 unemployed learners during the financial under review). The (10) LLF meetings were convened.
All senior managers including Acting Incumbent signed performance agreement.

Chapter 3

Table 59: HR Employees

Employees: Human Resource Services					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	2	1	33%
4 - 6	2	5	1	4	80%
7 - 9	0	4	1	3	80%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	**5**	**12**	**4**	**8**	**66 %**

Table 60: HR Financial Performance [CS] **[BTO]**

HUMAN RESOURCES FINANCIAL PERFORMNACE '000						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	-
Expenditure:						
Employees	9132	9 667	603	603	7 944	92%
Repairs and Maintenance	-	223	-			-
Other	11844	17 913	-	-	-	0%
Total Operational Expenditure	20976	27 803	603	603	7 944	92%
Net Operational Expenditure	20976	27 803	(603)	(603)	(7 944)	92%
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 3.26.5*

Table 61: HR Capital Expenditure [CS] BTO

R' 000					
Capital Projects	**2023/24**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	- R0.00	R0.00	R0.00	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.26.6*

Comment on the performance of Human Resource Services overall:
None

Employees: The Executive and Council					
Job Level	**2022/23**	**2023/24**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	3	7	3	4	57%
4 - 6	2	4	2	2	50%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	5	12	6	6	50%

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES [CS]

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Information and Communication Technology services is responsible for the provision of integrated ICT Support which includes acquisition of telephone system, mobile phones, internet connectivity, end-user support, systems administration and ICT infrastructure. During the financial year under review the ICT steering committee was resuscitated and functional.

The Municipality has experienced the following challenges

- Lack of ICT infrastructure back up system during load shedding
- Lack of integrated ICT systems
- Fibre reticulation
- Vacant unfunded post of ICT manager
- Lack of ICT strategy

The ICT policies were reviewed and approved by Council under item **C279/10/23**.The project on ICT has been implemented which includes the Installation of Infrastructure network system, Software and procurement of 40 Microsoft license.

The ICT Unit plays a significant role in the organisation and it needs to be prioritised .The provision of budget should be made to fill the vacant post of ICT Manager and Development of ICT Strategy will assist the organisation to improve the functionality of ICT unit

Table 62: ICT Policy Objectives [CS]

ICT Services Objectives Taken From IDP							
Service Objectives / ***Service Indicators***	Outline Service Targets	2021/22		2022/23		**2023/24**	
		Target	Actual	Target	Actual	**Target**	**Actual**
Strategic Goal: High Performing Organisation							
Improved Organisational Performance	Number of steering committee meeting convened	4	2	4	2	4	**2**
	ICT Policy universe reviewed by 2024	7	0	7	0	7	7
							T3. 27.3

Table 104: Employees

Employees: ICT Services					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	0	1	0	0	0%
7 - 9	1	2	1	1	50%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	3	2	2	100%

Table 63: ICT Financial Performance [CS] BTO

Details	2021/2022	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	#DIV/0!
Expenditure:						#DIV/0!
Employees	-	-	-	-	-	#DIV/0!
Repairs and Maintenance	-	-	-	-	-	#DIV/0!
Other	-	-	_	_	_	#DIV/0!

Total Operational Expenditure	-	-	_	_	_	#DIV/0!
Net Operational Expenditure	-	-	_	_	_	#DIV/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 3.27.5

Table 64: ICT Capital Expenditure

						R' 000
Capital Projects	**2023/24**					
	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 3.27.6

Comment on the performance of ICT services overall:

None

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

RISK MANAGEMENT

The risk management, Anti-fraud & Anti-corruption Committee (RMAFACC) is in place and functional, chaired by an independent chairperson. The committee is required to sit quarterly (4 times a year) and as and when a need arises to monitor the implementation of mitigating strategies. The RMAFACC plays an oversight role in all risk management activities and other risk sensitive matters such as ICT, Legal, Procurement and Property management within the municipality.

LEGAL SERVICES- [CS]

LEGAL SERVICES

The objective of Legal Services is to provide efficient and effective legal service to DLM. The top three services delivered includes litigation, labour relations and contract management.

The Municipality experienced an increase in litigation as well as labour relations disputes against the municipality, where possible the Municipality attempted to settle matters thus avoiding long and costly litigation. Problem areas identified included inadequate implementation of contract management, lack of legal services framework.

The Legal unit consists of three positions i.e. (Legal manager; Legal officer and Researcher and during the financial year under review a Legal Manager was successfully appointed on the 2nd May 2024.

PROPERTY MANAGEMENT (CSPS

Property management is going through some transformation aimed at reorganising the processes, systems and structures to maximise efficiency. The transformation process involves the transfer of certain aspects of property management from Planning and Development to Community Services and Public Safety.

Table 65: Legal Employees [CS]

Employees: Legal, Risk Management and Procurement Services					
	2022/23	2023/2024			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	2	1	1	50%
4-6	0	1	0	1	100%
7-9	0	0	0	0	0%
10-12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	3	0	2	100%
Source:					T3. 28.4

Table 66: Legal Financial Performance BTO

					R'000
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	#DIV/0!
Expenditure:					#DIV/0!
Employees	0	0	0	0	#DIV/0!
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	0	0	–	–	#DIV/0!
Total Operational Expenditure	0	0	–	–	#DIV/0!
Net Operational Expenditure	0	0	–	–	#DIV/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 3.28.5*

Comment on the performance of Legal, Risk Management and Procurement Services overall:

The Risk management committee has been resuscitated and functional. The Strategic and operational risk register has been reviewed and implemented. The Municipality still faced with high number of litigation, however proper systems have been put in place to manage all legal matters. During the financial year under review, there was irregular expenditure incurred due to non-compliance with supply chain regulations due to lack of segregations of duties, however the Municipality has developed and implement systems on financial risk management and internal audit to improve the performance of the organisation.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD [MMM]

INTRODUCTION MMM

ANNUAL PERFORMANCE REPORT

Compiled in terms of section 46 of Municipal System Act of 2000 –amended in 2003.

CHAPTER 1: INTRODUCTION & OVERVIEW OF PERFORMANCE MANAGEMENT

This Annual Performance Report is drafted in terms of Section 46 of the Municipal Systems Act, 32 of 2000. **The Annual Performance Report 2023/2024** is based on reported information only, and un-audited. The report is subject to change during and after the audit from the Auditor-General (AG) of South Africa.

The Annual Performance Report is hereby submitted to the Dipaleseng Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting.

This report covers the performance information from **01 July 2023 to 30 June 2024** and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review.

The format of the report will reflect on the overall municipal performance as per the Six (6) Municipal Key Performance Areas (KPA's) as adopted in the Integrated Development Plan (IDP).

1.1 LEGISLATIVE REQUIREMENTS

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government".

The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the following principles of inter alia: ·

- the promotion of efficient, economic and effective use of resources,
- accountable public administration · to be transparent by providing information,
- to be responsive to the needs of the community,

- to facilitate a culture of public service and accountability amongst staff.

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:
(1) A municipality must prepare for each financial year a performance report reflecting—
(*a) the performance of the municipality and each external service provider during that financial year; (b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and (c) measures taken to improve performance.*
In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities.

1.2 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).
The Performance Management System implemented at Dipaleseng Local Municipality is intended to provide a comprehensive, step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PMS serves as primary mechanism to monitor, review and improve the implementation of the municipal IDP and eventually the budget.
The performance management policies, as approved by Council provides for performance implementation, monitoring and evaluation at organisational as well as individual levels. The Executive Mayor in consultation with the Municipal Manager identify and prioritise Key Performance Indicators, which will be monitored during the year and forming part of the Performance Agreements /Departmental SDBIP's of each Section 56 Manager.
For financial year 2023/24, a total of 173 indicators were identified for the High level Scorecard on which reporting was done.

1.3 PERFORMANCE MANAGEMENT AT ORGANISATIONAL LEVEL

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

The SDBIP is a plan that converts the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the Municipality is implemented. It also allocates responsibility to Departments to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months
- SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The municipal scorecard (High- level SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.
The departmental SDBIP capture the performance of each defined department which reflects on the strategic priorities of the municipality.

The SDBIP provides detail of each outcome for which the senior management is responsible for, in other words a comprehensive picture of the performance of that department/sub-section

Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the departmental SDBIP provide detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that departments/sub sections.
Departmental scorecards are compiled by senior managers for their directorate and consists of objectives, indicators and targets derived from the approved High-level SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

1.4 PERFORMANCE MANAGEMENT AT INDIVIDUAL LEVEL

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all s56-employees and that performance agreements must be reviewed annually. The process and the format are further regulated by Regulation 805 (August 2006).
The Municipal Manager and Managers directly accountable to the Municipal Manager signed performance agreements for the financial year 2023/24 as legislatively required. The signed performance agreements were loaded on the municipal website and also sent to National Treasury and Provincial departments.
This has led to a specific focus on service delivery and means that:

- Each Sec 56 Manager has to develop a performance plan informed by the IDP and the top layer SDBIP of the organization

- ❖ At the beginning of each financial year all the senior managers (Section 56 employees) sign Performance Agreements.
- ❖ All Managers reporting to Section 56 employees are also reporting on their specific sections and evaluations are done accordingly on performance per subsection.

CHAPTER 2: EXECUTIVE SUMMARY

The Annual Performance report as compiled reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2023/24

- The Municipal Scorecard 2023/2024, which consist of a total of **173** indicators were developed and approved by the Executive Mayor on 22 June 2023.
- The Municipal Scorecard indicators are spread and linked across Six (6) Key Performance Areas (KPAs) for the 2023/2024 financial year.
- Performance agreements were signed for section 56 managers as required legislatively.
- The signed performance agreements were loaded on the municipal website and also sent to National treasury.

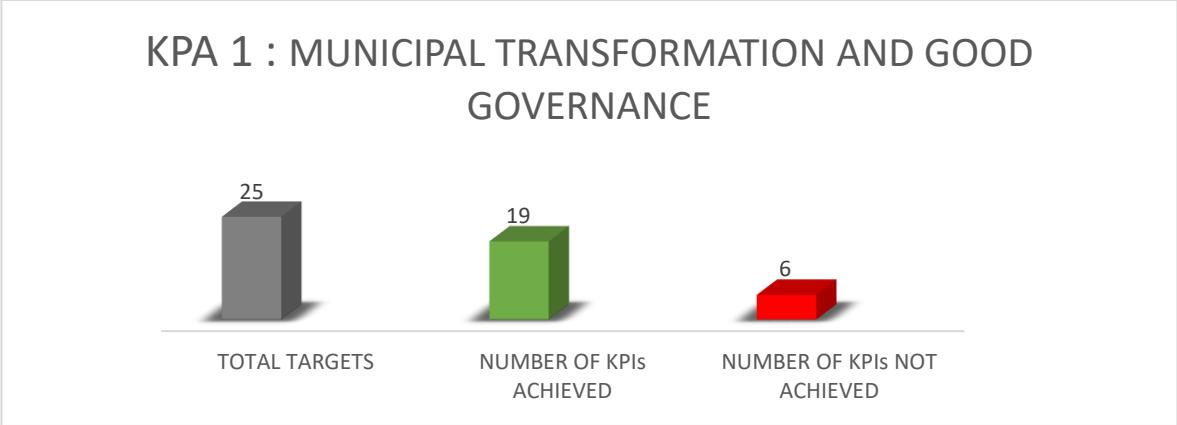
Detailed performance of the overall Municipal performance for the financial year 2023/2024 as per the High level SDBIP 2023/2024 are included as **APPENDIX A** to provide an overall picture of performance in the municipality.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR CODED STATUS	2022/2023 PERFORMANCE	2023/2024 PERFORMANCE
Green – KPI Achieved	42%	68%
Red – KPI Not Achieved	58%	32%

2.1 KPA 1: MUNICIPAL TRANSFORMATION AND GOOD GOVERNANCE

TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
25	19	6	76.00%



The Municipality faced severe challenges in the filling of vacant Section 56 positions in the 2023/2024 financial year. Due to the high vacancy rate, and high volume of Acting Senior Managers, the Accounting Officer was unable to exercise adequate performance monitoring and consequence management for under-achievement of predetermined objectives as targeted for Senior Managers.

The Municipality will endeavor to fill all vacant positions in the 2024/2025 financial year to enable the Accounting Officer to enforce the Performance Management and Development Policy of the Dipaleseng Local Municipality.

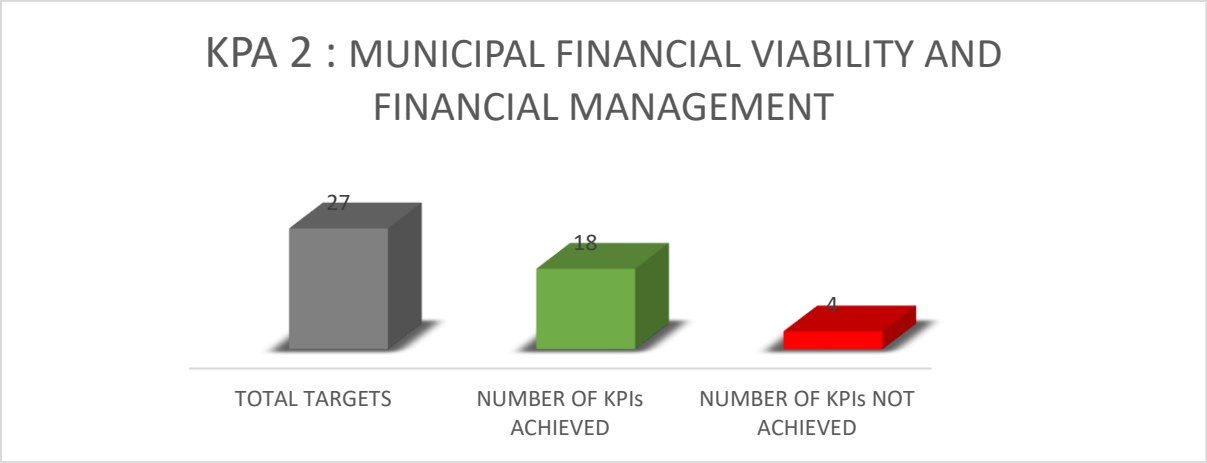
Although the Accounting Officer faced challenges with regards to performance management implementation, great effort was made to ensure proper oversight into financial and performance practices through the regular convening of the Performance Audit Committee in the 2023/2024 financial year.

The Municipal Staff Regulations Implementation Plan, as approved by Council, will endeavour to cascade performance management as a phased-in approach to all levels of staff.

Internal Audit and Risk Management remains the focus of the Office of the Municipal Manager to ensure that underperformance is identified in advance and operational and strategic risks are identified and mitigated within the capabilities and resource availability of the Municipality.

2.2 KPA 2: MUNICIPAL FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

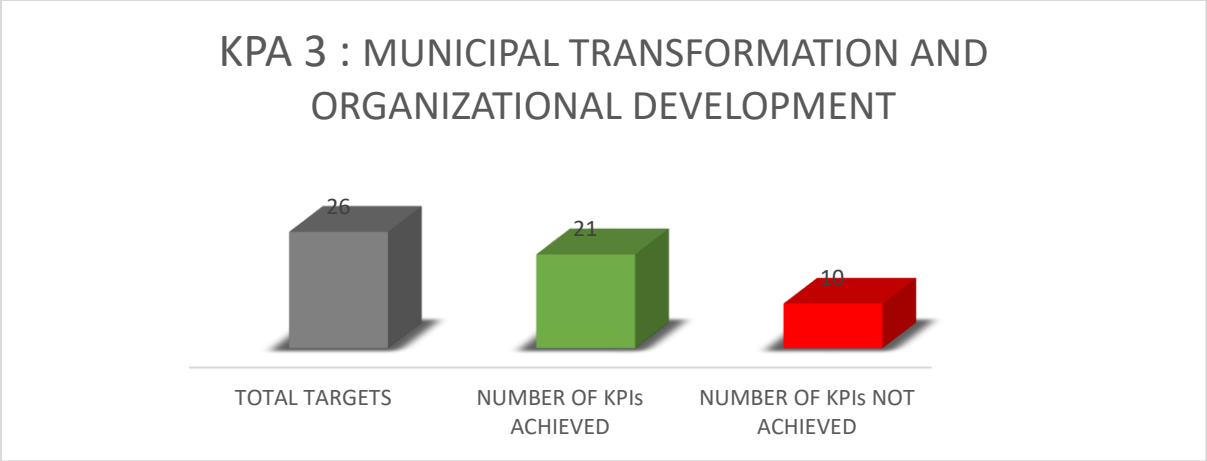
TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
27	18	9	67%



The Municipality faced severe financial challenges in the 2023/2024 financial year due to non-payment from consumers due to the high rate of unemployment and poverty levels in the municipal area.
The Municipality endeavored to improve the Auditor-General Audit Opinion, however, the Municipality managed to achieve only a Qualified Audit Opinion due to Irregular Expenditure. An Audit Action Plan was subsequently formulated, and an indicator was approved for each department to ensure that the Audit Action Plan was implemented during the financial year.
The organisation will continue in the 2024/2025 financial year to investigate possible cost containment and revenue enhancement strategies to ensure that debt collection improves and cash and cash equivalents are available to improve the liquidity position of the Municipality.

2.3 KPA 3: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

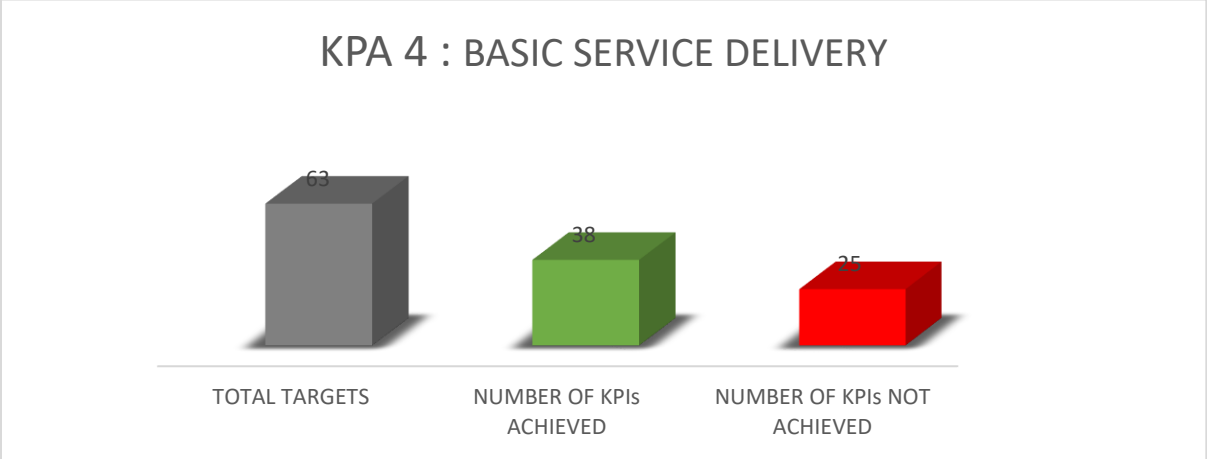
TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
26	21	5	80.77%



The Municipality was unable to fill 4 of the critical positions in the organisation in the 2023/2024 financial year due to delays in recruitment and selection processes. In the 2023/2024 financial year, the Municipality was plagued by a high volume of individuals acting in senior positions. Endeavours have been put in place in for the 2024/2025 financial year through the future appointment of a panel of service providers to fast-track recruitment processes.

2.4 KPA 4: BASIC SERVICE DELIVERY

TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE ACHIEVED
63	38	25	60.32%



The Municipality was unable to adequately create awareness amongst the constituents of the region on safe fire practices due to the high volume of vacancies experienced in the Fire Fighting Unit. An Acting Fire Chief was appointed in Quarter 4 of the 2023/2024 financial year to positively influence firefighting campaigns in the region.

Though the Municipality faced difficulties in the drafting of a Law Enforcement Strategy, the organisation was able to conduct a total of 21 563 law enforcement activities and 16 893 license activities.

Waste collection at 4 informal settlements remained regular during the financial year and 750 new households in Ridgeview received access to waste collection services in the 2023/2024 financial year.

The municipality continued to render excellent community services through the provision of library services in the region. The average number of library visits across the 3 libraries in the municipal area for the financial year is 2306, 373 above the targeted average.

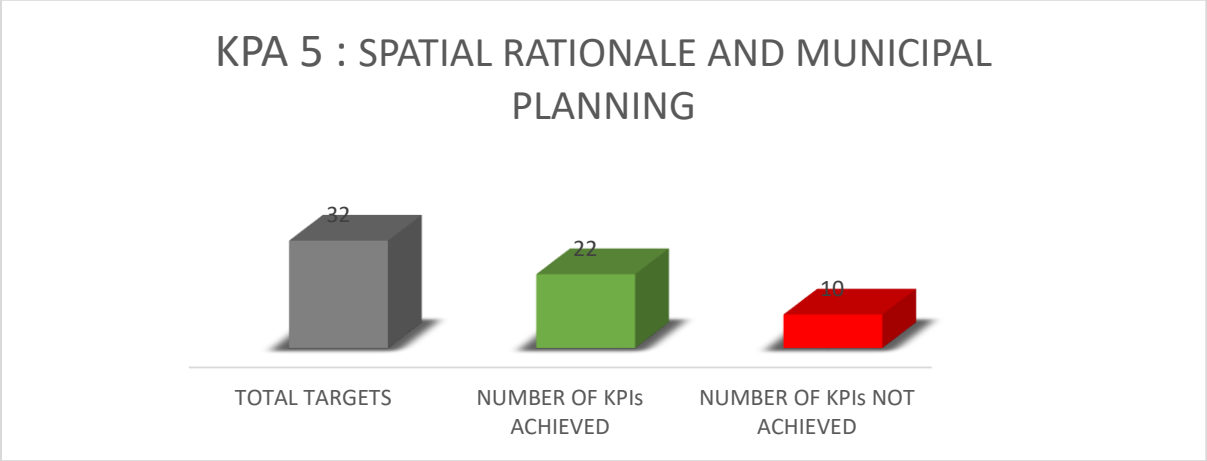
Gender Based Violence awareness campaigns did not take place as per the approved target due to budgetary and resource constraints.

Dipaleseng Local Municipality faced severe challenges in reporting on mandated services in the Infrastructure Services Department due to a high volume of critical and technical vacancies.

It was found that a high volume of indicator in the Infrastructure Services Department could not be substantiated through adequate portfolio of evidence.

2.5 KPA 5: SPATIAL RATIONALE AND MUNICIPAL PLANNING

TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
32	22	10	69.00%



The Municipality was unable to achieve its targets on the formalisation of informal settlements and handover of Title Deeds due to factors outside the control of the municipality. Various delays were experienced in technical studies and delays from the Department of Human Settlements.

The Integrated Development Plan of the Dipaleseng Local Municipality was reviewed and successfully adopted by the Municipal Council before 30 June 2024.

Though the LED Forum was relaunched in Quarter 1 of the 2023/024 financial year, the department was unable to convene 4 Forum meetings. The Department did, however, convene LED Forum meetings from Quarter 2 onward.

SMME and Cooperative initiatives were enhanced in the 2023/2024 financial year through the hosting of 5 capacity building workshops. The Municipality was able to register 3 SMMEs and Cooperative on the Dipaleseng Local Municipality Database during the financial year.

The Municipality successfully created 340 EPWP job opportunities in the financial year in an effort to alleviate poverty in the region.

CONCLUSION

Dipaleseng Local Municipality faced many challenges in the 2023/2024 financial year due to a high volume of vacancies.

Through effective performance and consequence management, the implementation of the approved Audit Action Plan and portfolio of evidence to corroborate achievements reported per quarter, the Municipality looks forward to improving its Performance Position in the 2024/2025 financial year.

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES **[CS]**

Table 67: Vacancy Rate

Occupational Levels	Male				Female				Foreign Nationals		
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	2	0	0	0	0	0	0	0	0	0	2
Senior Management	4	0	0	0	5	0	0	0	0	0	9
Professionally qualified and experienced specialists and mid-management	2	0	1	0	4	0	0	0	0	0	7
Skilled technical and academically qualified workers, junior management ,	20	0	0	0	20	0	0	1	0	0	41

supervisors, foreman and superintendents											
Semi-skilled and discretionary decision	32	0		0	33	0	0	0	0	0	65
Unskilled and defined decision making	46	0	0	1	14	0	0	0	0	0	61
TOTAL PERMANENT	106	0	1	1	76	0	0	1	0	0	185
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Interns	2	0	0	0	2	0	0	0	0	0	4
GRAND TOTAL	**108**	**0**	**1**	**1**	**78**	**0**	**0**	**1**	**0**	**0**	**189**

The above table depicts a high population of African males and the Municipality must implement Employment Equity Plan in order to redress the gender and also consider to recruit people from designated groups.

Table 68: Vacancies in 2023/24 [CS]

Vacancy Rate: 2023/24			
Designations	***Total Approved Posts** **No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents)** **No.**	***Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	Over two years	0%
Other S57 Managers (Finance posts)	5	4	80 %
Traffic officers	20	13	65 %
Fire fighters	10	7	70 %
Senior management: Levels 1 (excluding Finance Posts)	12	4	33.3 %
Senior management: Levels 1(Finance posts)	1	1	100 %
Highly skilled supervision: levels 3 (excluding Finance posts)	57	17	30. %
Highly skilled supervision: levels 3(Finance posts)	5	0	0.%
Total	**124**	**40**	32.2 %

Figure 6: Vacancy rate

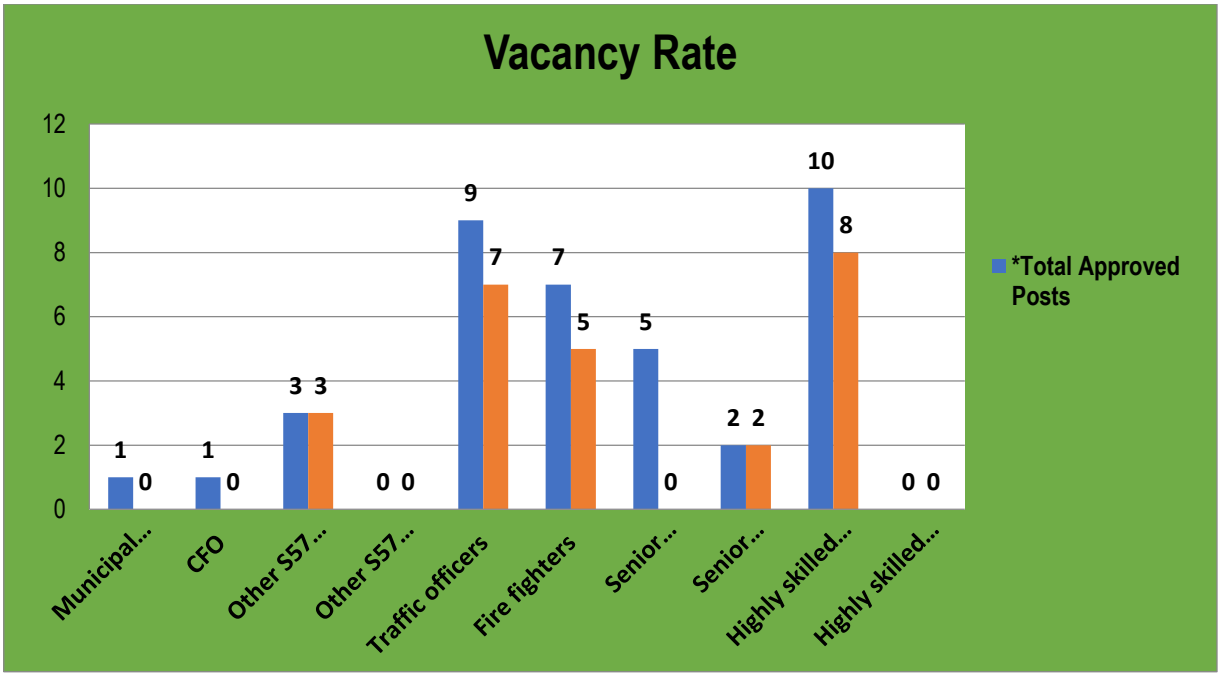


Table 69: Turn-over Rate [CS]

Turn-over Rate 2023/24			
Details	**Total Appointments as of beginning of Financial Year**	**Terminations during the Financial Year**	**Turn-over Rate***
2023/24	04 (185)	09	4,8%
2022/23	18 (185)	11	5,9%
2021/2022	8	3	38 %
** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*			*T 4.1.3*

Comment on vacancies and turnover:

- Vacant funded critical posts are filled on an on-going basis.
- The Municipality is unable to attract and retain the scarce and critical skilled people due to competitive salary scale in the market.
- The termination of 09 employees was as a result of resignation, death and employees reaching retirement age.

Chapter 4

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COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE **[CS]**

MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has created a healthy, safe and productive work environment underpinned by an Organizational culture that supports the realization of the IDP/ Budget, Batho Pele code and other strategic objectives of the organization.

The Municipality complied with the SALGBC Collective Agreements and reviewed HR policies on workforce management that were submitted to Council for approval during financial year 2023/24 under item C155/05/23.

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4.2 POLICIES [**CS**]

Table 70: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
1	Employment Equity	100%	100%	30 May 2023 –Resolution C155/05/23
2	Retention	100%	100%	30 May 2022 –Resolution C155/05/23
3	Code of Conduct for employees	100%	100%	As per municipal System Act
4	Delegations, Authorization & Responsibility	100%	100%	Approved by Council – C/88/05/17
5	Disciplinary Code and Procedures	100%	100%	SALGBC Collective Agreement
6	Essential Services	0%	0%	N/A
7	Employee Assistance / Wellness	50%	50%	Policy to be developed
8	Employment Equity	100%	100%	30 May 2022 –Resolution C155/05/23
9	Exit Management	0%	N/A	N/A
10	Grievance Procedures	100%	N/A	SALGBC Collective Agreement
11	HIV/Aids	100%	100%	30 May 2023 –Resolution C155/05/23
12	Human Resource and Development plan	100%	100%	30 May 2019
13	Information Technology	100%	100%	30 October 2023 Item C279/10/23
14	Job Evaluation	0%	0%	Process of JE its done by GSDM and still in process
15	Leave	100%	100%	30 May 2023 –Resolution C155/05/23
16	Occupational Health and Safety	100%	100%	30 May 2023 –Resolution C155/05/23
17	Official Housing	100%	100%	SALGBC Collective Agreement
18	Official Journeys	0%	N/A	N/A
19	Official transport to attend Funerals	0%	N/A	N/A
20	Overtime policy	100%	100%	30 May 2023 –Resolution C155/05/23
21	Organisational Rights	100%	100%	SALGBC Collective Agreement
22	Payroll Deductions	100%	100%	SALGBC Collective Agreement
23	Performance Management and Development	100%	100%	30 May 2023 –Resolution C155/05/23
24	Recruitment, Selection and Appointments	100%	100%	30 May 2023 –Resolution C155/05/23
25	Remuneration Scales and Allowances	100%	100%	SALGBC Collective Agreement
26	Resettlement	0%	0%	N/A

27	Sexual Harassment	0%	0%	N/A
28	Training and Development policy	0%	0%	30 May 2023 –Resolution C155/05/23
29	Placement policy	0%	0%	30 May 2023 –Resolution C155/05/22
30	Special Skills	0%	0%	N/A
31	Work Organisation	0%	0%	N/A
32	Dress code policy	0%	0%	30 May 2023 –Resolution C155/05/23
33	Funeral Policy	100%	100%	30 May 2023 –Resolution C155/05/23
34	Transfer policy	100%	100%	30 May 2023 –Resolution C155/05/23
35	Danger Allowance	100%	100%	30 May 2023 –Resolution C155/05/23
36	Transport and Subsistence policy	100%	100%	30 May 2023 –Resolution C155/05/23
37	Cell phone policy	100%	100%	30 May 2023 –Resolution C1553/05/23
	Other:			

Comment on workforce policy development:

The Council in its sitting held on the 30th May 2023 under item C155/05/23 has approved 15 HR Policies for implementation in the financial year 2023/24.

4.3 INJURIES, SICKNESS AND SUSPENSIONS [CS]

Table 71: Cost of Injuries in Duty 2023/2024

Number and Cost of Injuries on Duty					
Type of injury	**Injury Leave Taken** Days	**Employees using injury leave** No.	**Proportion employees using sick leave** %	**Average Injury Leave per employee** Days	**Total Estimated Cost** R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total		0	0%	0	0
					T 4.3.1

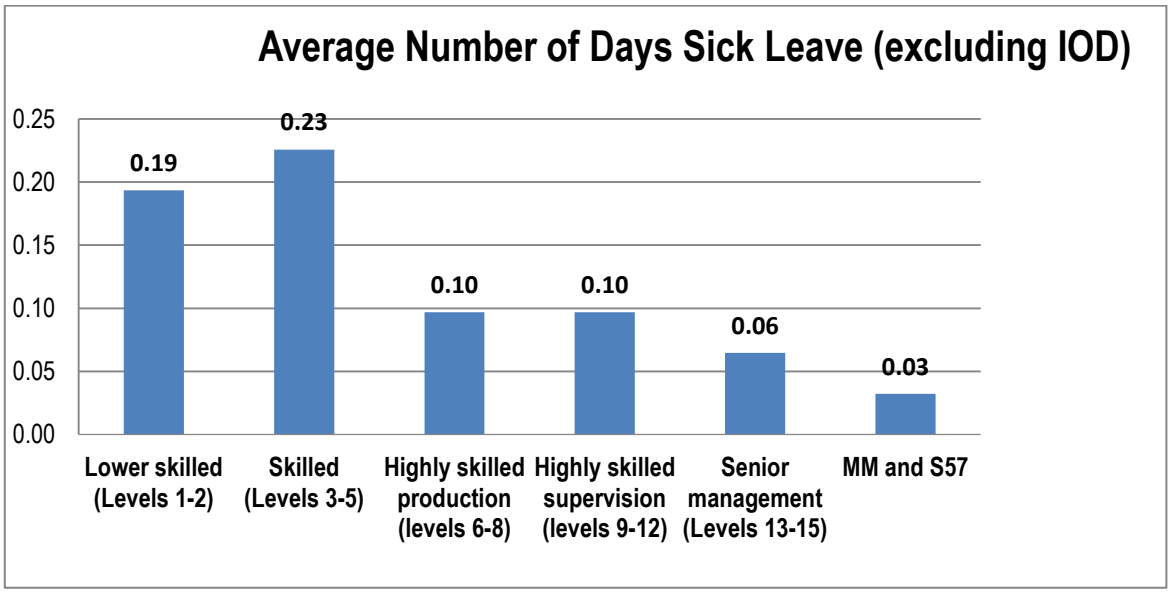
Comment on injuries, sickness and suspensions:
No Fatality, Temporary, Permanent disablement injuries were reported during the period under review.

Table 72: Cost Sick Leave [CS] 2023/2024

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	**Total sick leave** Days	**Proportion of sick leave without medical certification** %	**Employees using sick leave** No.	**Total employees in post*** No.	***Average sick leave per Employees** Days	**Estimated cost** R' 000
Lower skilled (Levels 13-15)	194	0%	39,6 %	77	2	
Skilled (Levels 9-12)	150	0%	22,6 %	34	4	
Highly skilled production (levels 6-8)	131	0%	24,4 %	32	4	
Highly skilled supervision (levels 3-5)	128	0%	24,2 %	31	4	
Middle management (Levels 1-2)	26	0%	34,6 %	9	2,8	
MM and S57	0	0%	%	2		
Total	**629**	**0%**	**145,4 %**	**185**	30	

** - Number of employees in post at the beginning of the year*
**Average is calculated by taking sick leave in column 2 divided by total employees in column 5* *T 4.3.2*

Figure 7: Average Number of Days Sick Leave [CS]



Comment on injury and sick leave: **[CS]**

Table 73: Periods of Suspension

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**
Supervisor (Water and Sanitation)	Bringing municipality into disrepute	November 2024	Matter not yet finalised and Disciplinary Hearing still on going.	Still in process
Plant Operator	Insolent	Employee was not suspended	Disciplinary proceedings are still in progress	Still in process
				T 4.3.5

Table 74: Disciplinary Action

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**
	Not Applicable	Not Applicable	
			T 4.3.6

Comment on suspensions and cases of financial misconduct:

During the financial year under review, two (2) cases of misconduct were reported and one (1) employee was suspended and both matters have not yet been finalised and still underway .

4.4 PERFORMANCE REWARDS [CS]

Table 75: Performance Rewards

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0

Comment on performance rewards:
During financial under review no performance rewards were processed.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE [CS]

WORKFORCE CAPACITY DEVELOPMENT

In terms of Government Gazette No 27801 of 18 July 2005 as amended by Government Notice No. R88 published in Government Gazette No. 29584 of 2 February 2007, the Dipaleseng Local Municipality is obliged to submit a workplace skills plan and ATR to the Local Government SETA in order to access the conditional grants not later than 30 April each year.

- The Workplace Skills Plan 2023/2024 and Annual Training Report 2022/2023 were tabled to the Training Committee Meeting on the 28 April 2023 for consultation with organised labour and submitted to LGSETA on the 29 April 2023.

- Forty two (42) employees were trained, Five (5) Councilors and Nine (9) Work Integrated learning (WIL) during the financial under review.

4.5 SKILLS DEVELOPMENT AND TRAINING

Table 76: Skills Matrix

Skills Matrix						
Management Level	Gender	Employees in post as 30 June 2024	Number of Skills Required and actual as at 30 June2024			
			Learnership	Skills Programme & other short courses	Other form of Training	Total
		No.	2023/24	2023/24	2023/24	2023/24
MM and S56	Female	1	0	0	0	0
	Male	1	0	0	0	0
Managers	Female	4	3	1	0	4
	Male	5	0	3	0	3
Councillors	Female	4	0	0	0	0
	Male	8	0	5	0	5
Professionals	Female	5	1	5	0	1
	Male	3	0	4	0	4
Technicians and associate professionals	Female	1	0	0	0	0
	Male	1	0	1	0	1
Cleric and Administrative Workers	Female	19	0	4	0	4
	Male	8	0	0	0	0
Sales and Service Workers	Female	11	0	0	3	3
	Male	14	0	0	4	4
Supervisors, Machine operators and Drivers	Female	3	1	0	0	1
	Male	34	4	0	0	4
General Workers	Female	14	0	0	0	0
	Male	56	4	0	0	4
Intern	Female	2	0	0	3	3
	Male	2	0	0	1	1
Sub-Total	Female	67	5	10	6	16
	Male	134	8	13	5	26
Total		201	13	23	11	42

Comment on Skills Development:

During the financial year under review, 42 training intervention were achieve despite insufficient budget allocation to cover for all training needs that were identified in the WSP 2023/2024.

Table 77: Financial Competencies Development

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	3	0	3	3	3	3
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	**5**	**0**	**5**	**5**	**5**	**5**

Comments

The trainings were conducted to skills development in the Budget and Treasury Office.

Table 78: Skills Development Expenditure

Skills Development Expenditure R250'000										
Management level	Gender	Employees as at the beginning of the financial year 2023	Original Budget and Actual Expenditure on skills development Year 2023/2024							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Planned	Actual	Planned	Actual	Planned	Actual	Original Budget	Actual
MM and S57	Female	1	1	0	0	0	1	0	R0.00	R0.00
	Male	5	5	0	2	0	1	0	R0.00	R0.00
Legislators, senior officials and managers	Female	8	7	1	0	0	1	0	R0.00	R0.00
	Male	12	6	3	8	6	0	0	R0.00	R0.00
Professionals	Female	4	1	0	6	4	2	0	R0.00	R0.00
	Male	3	1	0	0	1	2	0	R0.00	R0.00
Technicians and associate professionals	Female	1	1	0	0	0	0	0	R0.00	R0.00
	Male	1	1	0	0	0	0	0	R0.00	R0.00
Clerks	Female	19	4	2	0	0	0	0	R0.00	R0.00
	Male	8	2	0	0	0	0	0	R0.00	R0.00
Service and sales workers	Female	15	2	0	0	0	3	3	R 5100	R5 100
	Male	14	5	0	5	5	5	5	163 204	163 204
Plant and machine operators and assemblers	Female	3	2	1	0	0	0	0	0	0
	Male	34	5	0	1	1	4	4	42 989	42989
Elementary occupations	Female	14	6	0	1	0	2	0	0	0
	Male	56	8	2	1	1	6	2	96 000	96 000
Sub total	**Female**	**67**	**24**	**4**	**7**	**4**	**9**	**3**	**5100**	**5100**
	Male	**134**	**33**	**5**	**17**	**14**	**17**	**10**	**302 193**	**302 293**
Total		204	57	9	24	18	26	13	307 293	307 293

Comments

Most of the courses are paid for by the different stakeholders' i.e. Salga, Cogta and.Lgseta.Municipal is responsible for accommodation and traveling cost of the employees and councillors.

4.6 EMPLOYEE EXPENDITURE [CS]

Table 79: Increases Salaries

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 1-2)	Female	n/a
	Male	n/a
Skilled (Levels 3-5)	Female	n/a
	Male	n/a
Highly skilled production (Levels 6-8)	Female	n/a
	Male	n/a
Highly skilled supervision (Levels9-12)	Female	n/a
	Male	n/a
Senior management (Levels13-16)	Female	n/a
	Male	n/a
MM and S 57	Female	n/a
	Male	n/a
Total		

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

Table 80: Post Appointed not Approved

Employees appointed to posts not approved				
Department	**Level**	**Date of appointment**	**No. appointed**	**Reason for appointment when no established post exist**
None	n/a	n/a	n/a	n/a

T 4.6.4

Comment on upgraded posts and those that are at variance with normal practice:

The municipality advertises every new position and interested employees may apply as per policy.

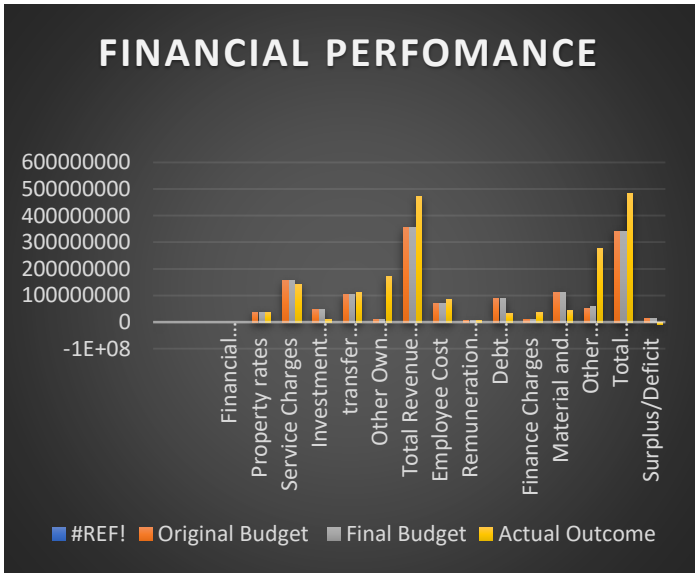
DISCLOSURES OF FINANCIAL INTERESTS

The Municipal Systems Act 32, of 2000, as amended regulates that municipal staff and elected councillors in South Africa, should disclose their Financial Interest to manage and detect conflicts of interests in public life. The purpose of this legislation is to support the effective implementation of financial disclosure regulations by reflecting on institutional good practice. Dipaleseng Local Municipality, fully complies with this regulation.

CHAPTER 5 – FINANCIAL PERFORMANCE [BTO]

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Original Budget	Final Budget	Actual Outcome	Actual Outcomeas % of Final	Actual Outcomeas % of Final Budget
Financial Perfomance					
Property rates	37 171 000.00	37 171 000.00	37 442 248.00	101%	101%
Service Charges	155 303 000.00	155 303 000.00	142 324 685.00	92%	92%
Investment Revenue	45 992 000.00	45 992 000.00	11 159 586.00	24%	24%
transfer recognised	104 224 000.00	104 224 000.00	109 774 000.00	105%	105%
Other Own Revenue	11 721 000.00	11 721 000.00	172 326 211.00	1470%	1470%
Total Revenue (Excluding Capital Transfers)	354 411 000.00	354 411 000.00	473 026 730.00		
Employee Cost	71 924 000.00	71 924 000.00	84 696 035.00	118%	118%
Remuneration of Councillors	6 448 000.00	6 448 000.00	6 993 098.00	108%	108%
Debt Impairement	89 450 000.00	89 450 000.00	33 771 679.00	38%	38%
Finance Charges	8 900 000.00	8 900 000.00	36 001 050.00	405%	405%
Material and Bulk Purchases	111 980 000.00	111 980 000.00	42 906 708.00	38%	38%
Other Expenditure	52 220 000.00	60 220 000.00	276 699 835.00	459%	530%
Total Expensiture	340 922 000.00	340 922 000.00	481 068 405.00	141%	141%
Surplus/Deficit	13 489 000.00	13 489 000.00	(8 041 675.00)		-



Comment:

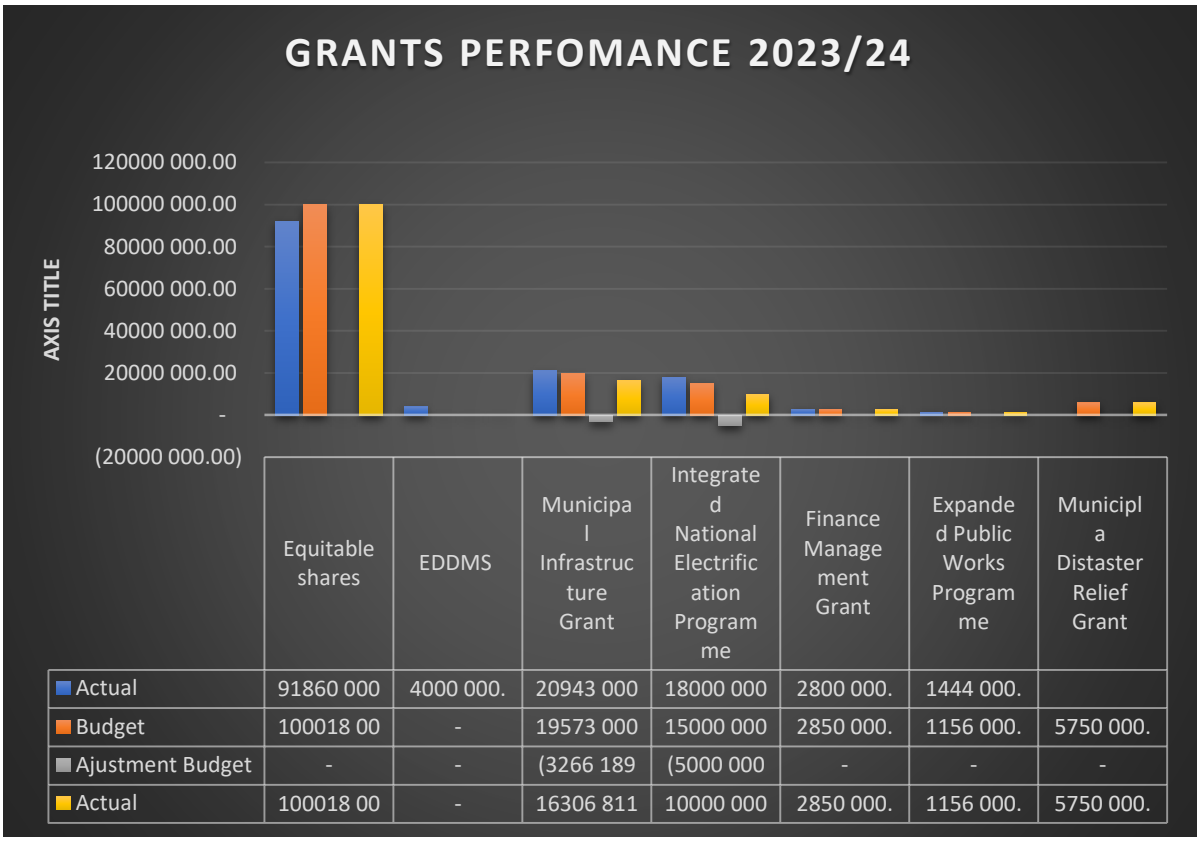
During 2022/23 the municipality had a deficit of R 182 million. The performance can be categorised as follows

- Operating revenue for the year is R 388.6 million (2022: 301.4 million) which reflects an increase.
- The operating expenditure for the year is R 570.6 million (2022: R 309.8 million) which reflects an increase.

5.2 GRANTS **[BTO]**

Table 81: Grant Performance

Grant Performance						
	Year 202/23	Year 2023/24			Year 0 Variance	
Description	Actual	Budget	Ajustment Budget	Actual	Origina Budget	Adjustment Budget
Equitable shares	91 860 000.00	100 018 000.00	-	100 018 000.00	100%	100%
EDDMS	4 000 000.00	-	-	-	100%	100%
Municipal Infrastructure Grant	20 943 000.00	19 573 000.00	(3 266 189.00)	16 306 811.00	100%	100%
Integrated National Electrification Programme	18 000 000.00	15 000 000.00	(5 000 000.00)	10 000 000.00	100%	100%
Finance Management Grant	2 800 000.00	2 850 000.00	-	2 850 000.00	100%	100%
Expanded Public Works Programme	1 444 000.00	1 156 000.00	-	1 156 000.00	100%	100%
Municipla Distaster Relief Grant		5 750 000.00	-	5 750 000.00	100%	100%
Provincial Government	-	-	-	-	-	-
Health subsidiy	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Ambulance subsidy	-	-	-	-	-	-
Expanded Public Works Programme	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-
Other Grants Providers	-	-	-	-	-	-
Total Operating Transfers and Grants	**139 047 000.00**	**144 347 000.00**	**(8 266 189.00)**	**136 080 811.00**		



	Equitable shares	EDDMS	Municipal Infrastructure Grant	Integrated National Electrification Programme	Finance Management Grant	Expanded Public Works Programme	Municipla Distaster Relief Grant
Actual	91860 000	4000 000.	20943 000	18000 000	2800 000.	1444 000.	
Budget	100018 00	-	19573 000	15000 000	2850 000.	1156 000.	5750 000.
Ajustment Budget	-	-	(3266 189	(5000 000	-	-	-
Actual	100018 00	-	16306 811	10000 000	2850 000.	1156 000.	5750 000.

Comments

Municipality spent all the Conditional Grants that were allocated in terms of DORA.

R8 266 189 has been taken back by the National Government as a results of the reprioritization and poor spending trends.

Table 82: Grants from Other Sources

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	**Actual Grant Year -1**	**Actual Grant Year 0**	**Year 0 Municipal Contribution**	**Date Grant terminates**	**Date Municipal contribution terminates**	**Nature and benefit from the grant received, include description of any contributions in kind**
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						

A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Provide a comprehensive response to this schedule						*T 5.2.3*

Comment on conditional grants and grant received from other sources:

NONE

5.3. ASSET MANAGEMENT

ASSET MANAGEMENT UPDATED CHECK EMAILS

The Asset Management policy is developed to comply with all relevant legislative requirements and complies with the standards specified by the Accounting Standards Board. Asset management within the municipality is overseen by the Executive Director Financial Services.

Table 83: Treatment of three largest Assets

Comment on asset management:

The needs aroused through assessment and backlog in access roads and sewer reticulations

Table 84: Repair and Maintenance Expenditure

Repair and Maintenance Expenditure: 2023/24				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	12 010	13 430	65 942	449%
				T 5.3.4

Comment on repair and maintenance expenditure:

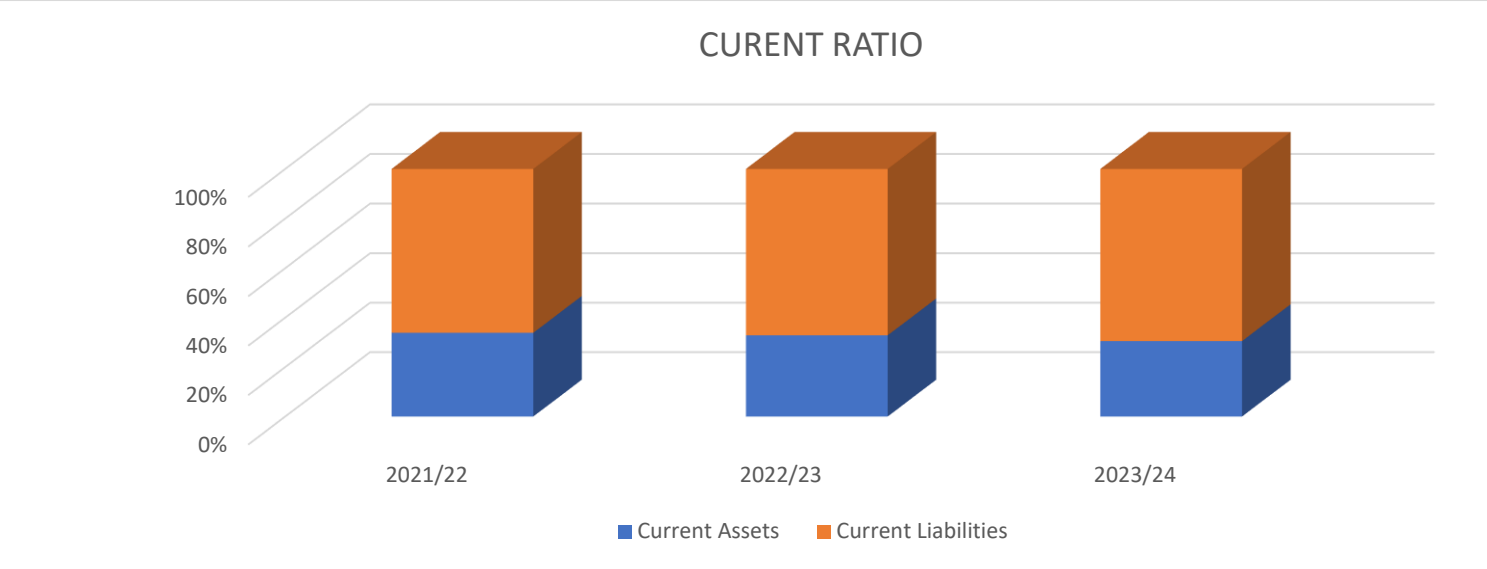
Expenditure on the repairs and maintenance was due to electrical cable theft and breakdowns that the Municipality experienced in the 2022/23 financial year

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.4.1 Current Ratio

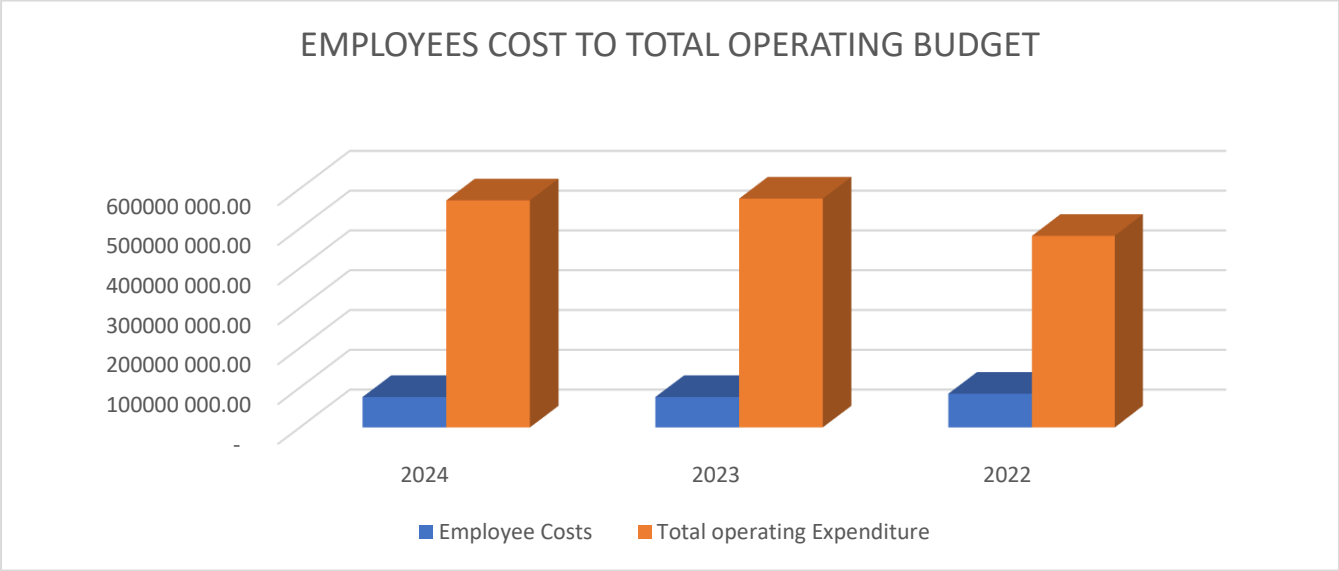
Represents the ability of the Municipality's current assets to service its current liabilities. This ratio shows a downward trend from the 2022/23 financial year to the 2023/24 financial year, 49 to 0:44 and a downward trend in 2021/22 to 2022/23 from 0:99 to 0:51. The acceptable norm is 2:1 for local government. Over the years the cash reserves of the Municipality were depleted and in future operating surpluses needs to be generated to replenish cash reserves. The municipality needs to reduce the commitments and build up reserves to settle all the creditors that are due and payable. The ESKOM and DWS account remains a huge problem although the ESKOM payment rate is at 47% for the current financial year.

Description	2021/22	2022/23	2023/24
Current Assets	216 531 051.00	209 724 204.00	239 211 290.00
Current Liabilities	422 763 057.00	428 932 812.00	544 727 707.00
	0.51	0.49	0.44



EMPLOYEE TO TOTAL OPERATING BUDGET

	2024	2023	2022
Employee Costs	76 483 097.00	76 483 097.00	84 696 035.00
Total operating Expenditure	570 696 980.00	575 133 175.00	481 632 429.00
	13%	13%	18%

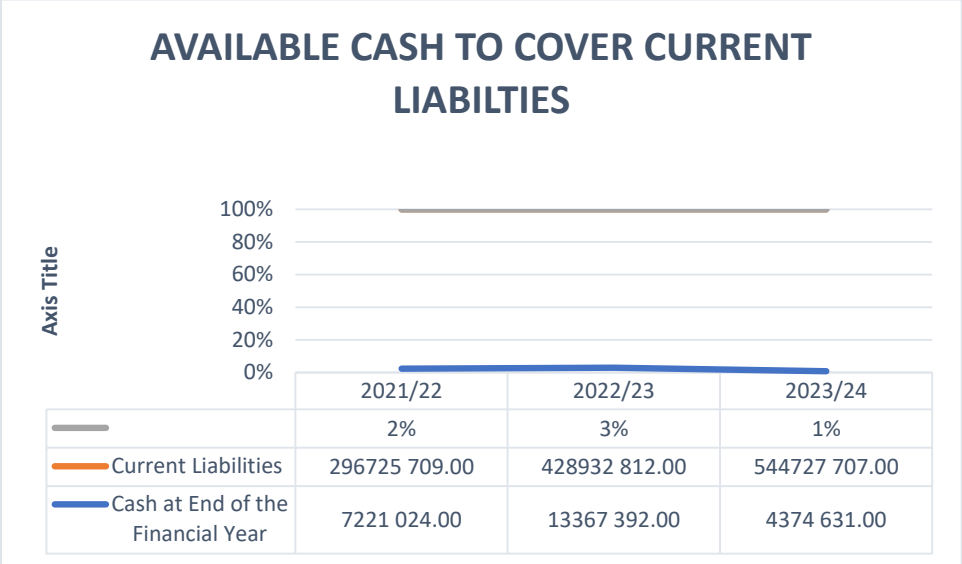


Employee related costs as a percentage of operating expenditure amounted to 13% for the 2023/24 financial year compared with 13% of the 2022/2023 financial year. The acceptable norm from the National Treasury is that it should be between 25% and 40% of the operating budget expenses. The low rate indicate that the Municipality has lot of vacant position and delays in the implementation of the Task Grade in the Past Financial Years.

5.4.2 Cost Coverage Ratio

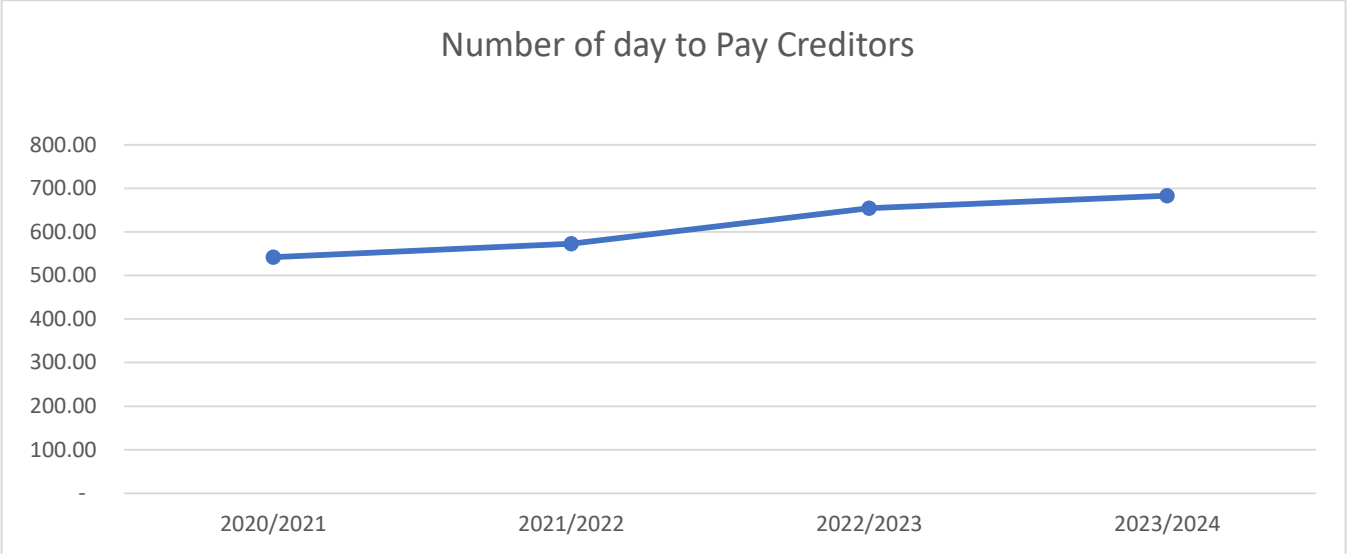
The Cash **coverage ratio** represents the percentage of cash available to cover the existing current liabilities for the Municipality. The **cost coverage of the current liabilities indicates that the financial situation is becoming critical as the compared to the previous financial years**. The norm is between 1 to 3 months, which is not the case with the Municipality. The municipality must ensure that systems are in place to generate revenue to settel the long outsanding debts have become due and payable in the current year.

	2021/22	2022/23	2023/24
Cash at End of the Financial Year	7 221 024.00	13 367 392.00	4 374 631.00
Current Liabilities	296 725 709.00	428 932 812.00	544 727 707.00
	2%	3%	1%



5.4.3 Creditors Payment Period Ratio

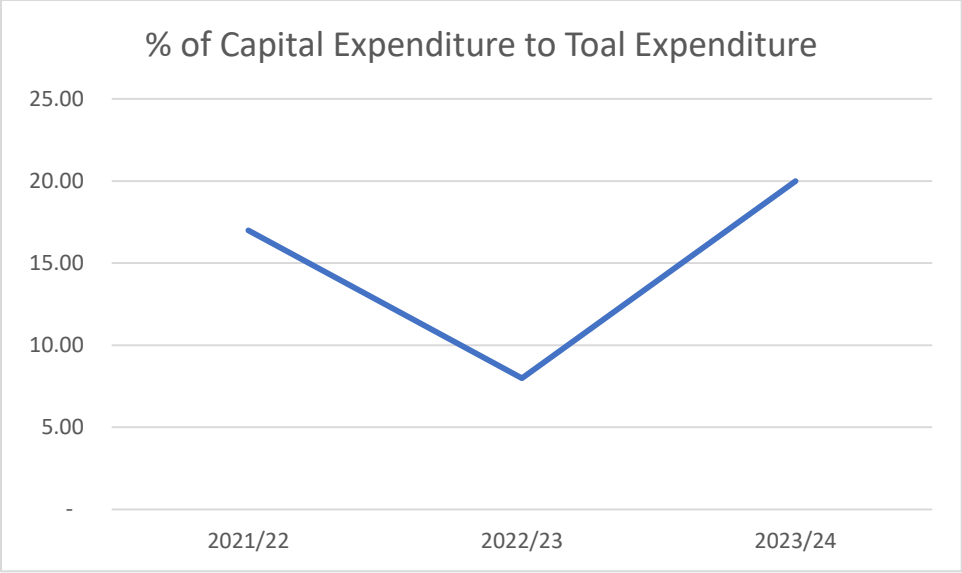
This ratio measures the number of days it takes to pay creditors who delivered services to the Municipality on credit. The GRAP Accounting Standards require from a municipality to recognize invoices in June, still payable in July, on the accrual basis. The ratio for 2023/24 of 654 days is above the norm of 30 days required by the Municipal Finance Management Act. The Municipality need to implement cost containment regulations and ensure that the Revenue Enhancement operation is effective in irder to opimise revenue to pay the existing creditors.



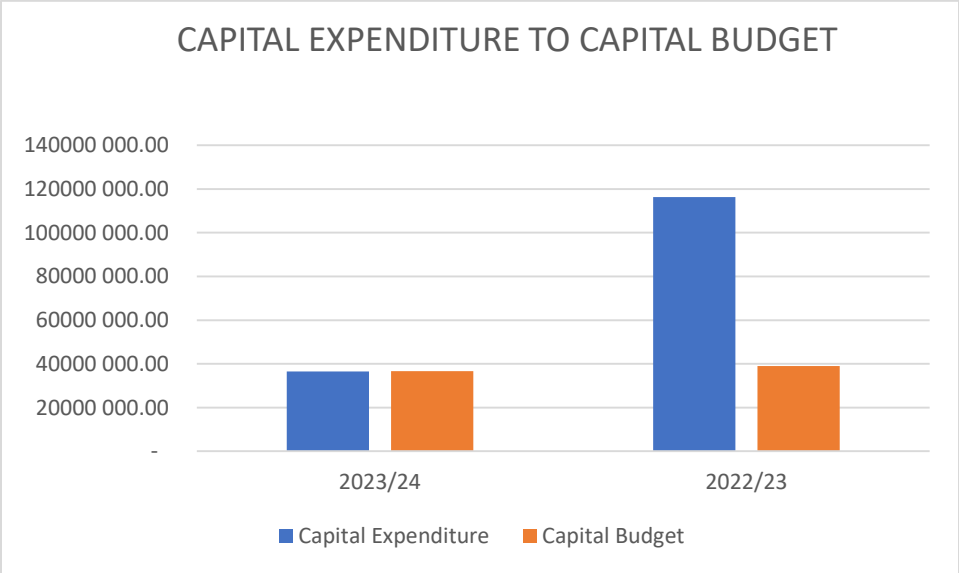
5.4.4 Capital Expenditure to Total Expenditure Ratio

This ratio indicates how much capital expenditure is as a percentage of total expenditure (capital and operating expenditure). For the 2023/24 financial year the percentage was at 20%. The Capital assets that were donated by the District Municiplaity have been included in the current yer expenses. Generally the Municipality has suffered declined in the Capital Grants allocation.

	2021/22	2022/23	2023/24
% of Capital Expenditure to Toal Expenditure	17.00	8	20



	2023/24	2022/23
Capital Expenditure	36 509 000.00	116 234 205.00
Capital Budget	36 705 000.00	38 943 001.00
	99%	298%



5.4.5

Employee Cost Ratio

Employee related costs as a percentage of operating expenditure amounted to 14% for the 2022/2023 financial year compared with 24% of the 2021/2022 financial year. The acceptable norm from the National Treasury is that it should be between 25% and 40% of the operating budget expenses.

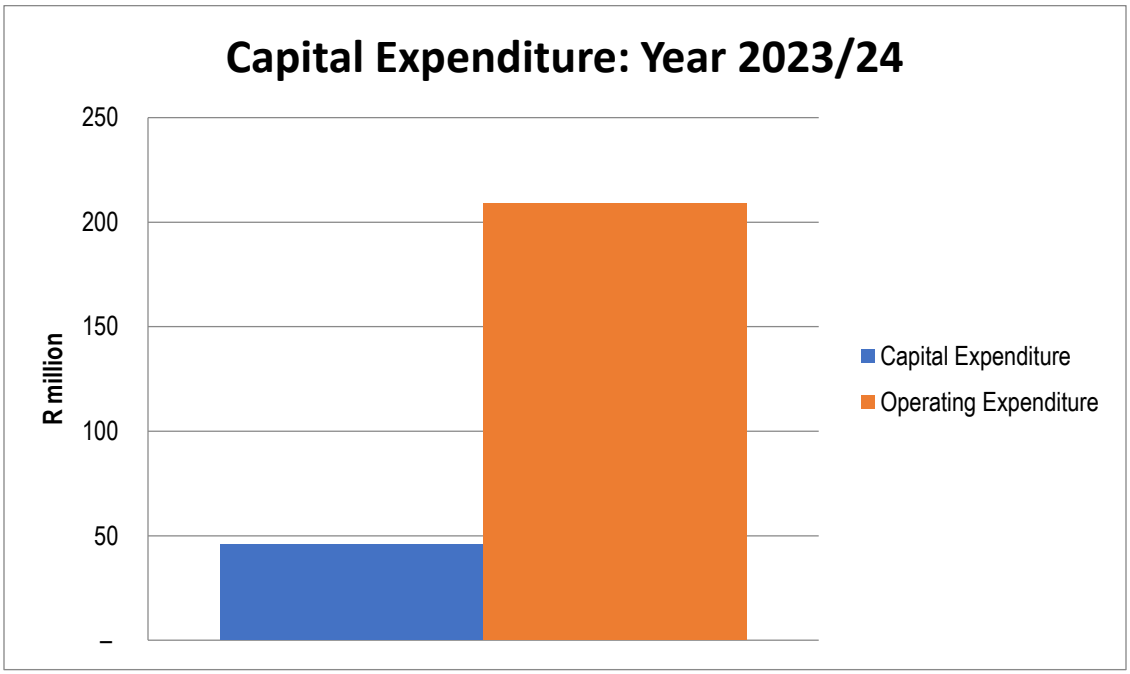

Employee Costs
30%
25%
20%
15%
10%
5%
0%
25%
24%
14%
2020/21
2021/22
2022/23

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET **[BTO]**

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Total spending for our capital expenditure improved in the **2023/24** financial year.

Figure 8: Capital Expenditure



5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 85: Capital Expenditure on the 5 Largest Projects

Capital Expenditure of 5 largest Projects*					
					R'000
Name of Project	Current Year: 2023/24			Variance: Current Year	
	Original Budget	Adjusted Budget	Actual Budget	Original Variance %	Adjusted Variance %
A - Establishment of Landfill site Balfour/ Siyathemba Phase 02	7.5	0	0	0%	0%
Delays	None				
Objective of Project	Waste Management				
Future Challenges	Budget				
Anticipated citizen benefits	Healthy Environment				

B - Provision of Sewer Reticulation Network in Grootvlei Ext 1	13.8	0	0	0%	0%
Delays	None				
Objective of Project	Sanitation Services				
Future Challenges	Maintenance Budget				
Anticipated citizen benefits	Access to decent sanitation services				
C - Upgrading of MV Systems in Balfour	0.555	0	0	0%	0%
Delays	None				
Objective of Project	Electricity Services				
Future Challenges	Maintenance Budget				
Anticipated citizen benefits	Improved electricity services to the community				
D - Construction and rehabilitation of roads - Siyathemba: Mofokeng Street	4.288	0	0	0%	0%
Delays	None				
Objective of Project	Road and stormwater infrastructure				
Future Challenges	Maintenance Budget				
Anticipated citizen benefits	Improved road networks and safety				
E - Construction and rehabilitation of roads - Siyathemba: Monareng Street	2.272	0	0	0%	0%
Delays	None				
Objective of Project	Road and stormwater infrastructure				
Future Challenges	Maintenance Budget				
Anticipated citizen benefits	Improved road networks and safety				
					T 5.7.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS– OVERVIEW **[IS]**

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Municipality is expected to provide basic essential services on water, sanitation and electricity.
The Municipality experience backlogs in terms of households without access to water, sanitation and electricity. The Municipality has plans in place to address the infrastructure backlogs.

Table 86: Service Backlog

Service Backlog as at 30 June 2024				
				Households (HHs)
*Service Level above minimum standard			**Service Delivery below minimum standard	
	No. HHs	%HHs	No. HHs	%HHs
Water	14 120	95%	757	5%
Sanitation	13 976	94%	901	6%
Electricity	13 815	86%	1062	14%
Waste Management				
Housing				
*% HHs are the service above/ below minimum standard as a proposition of total HHs. Housing refers to * Formal and **Informal settlements*				
				T 5.8.2

Table 87: Grant Expenditure on Service Backlog [IS]

Municipal Infrastructure Grant (MIG)* Expenditure Year 2023/24 on Service backlogs R' 000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Infrastructure - Road transport				%	%
Roads, Pavements & Bridges	3000	5000	250	10%	%
Storm water				%	%
Infrastructure - Electricity				%	%
Generation				%	%
Transmission & Reticulation				%	%
Street Lighting	1500	1800	1800	20%	%
Infrastructure - Water				%	%
Dams & Reservoirs				%	%
Water purification				%	%
Reticulation	1500	1500	1500	100%	%
Infrastructure - Sanitation				%	%
Reticulation	11,000	11,000	11000	100%	%
Sewerage purification				%	%
Infrastructure - Other				%	%
Waste Management	6000	6000	5800	%	%
Transportation				%	%
Gas				%	%
Other Specify:				%	%
Sport and recreation	3000	3000	-	%	%
	-			%	%
				%	%
Total	-			%	%

COMMENCTS:

The Municipality experience backlogs in terms of households without access to water, sanitation and electricity. The Municipality has plans in place to address the infrastructure backlogs.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS [BTO]

The table below is a statement of cash flow which represents cash inflow and outflow relating to the municipal operations. The content of its covers the following

1. Cash flows from operating activities which represents the cash inflow and outflows from operation of the municipality
2. Cash flows from investing activities: which represents cash inflow and outflows from selling or acquisition of capital assets
3. Cash flow from financing activities which represents cash inflow or outflow from borrowings and repayment thereof.

Table 88: Cash Flow Outcomes

Descriptions	Audited Outcome	Original Budget	Adusted Budget	Actuals
Cash flow from Operating Activities				
Receipts	123 655	172 615	172 615	243 192
Repayment and other	207 915		-	
Government Grants	685	141 141	141 141	136 527
Interests		358	358	469
Dividends			-	
Payments			-	
Supplies and Employees	180 469	(263 245)	(263 245)	(209 971)
Finace Charges	36 119	(17 000)	(17 000)	(36 001)
Transfers and Grants			-	
NET CASH ROM OPERATING ACTIVITIES	115 667	33 869	33 869	134 216
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds from disposal of PPE				
Decrease(increase) in non current debtors				
Decrease(increase) in non current receivables				
Decrease(increase) in non current investment				
Payments				
Capital assets	109 520	(36 500)	(36 500)	(134 216 723)
NET CASH FROM(USED)INVESTING ACTIVITIES	109 520	(36 500)	(36 500)	(134 216 723)
CASH FLOWS FROM FINANCING				
Receipts				
Short term loans				
Borrowing long terms/Refinancing				
Increase and decrease in consumer deposits				
Payments				
Reapayment of Borrowing	12 400			
NET CASH FROM(USED)FINANCING ACTIVITIES	12 400			
NET INCREASE DECREASE IN CASH HELD	6 146	(2 631)	(2 631)	(8 997)
Cash/Cash Equivalent at the beginning of the y	7 221	112 074	112 074	13 367
Cash/Cash Equivalent at the end of the year	13 367	109 443	109 443	4 374

COMMENT ON CASHFLOW

1. **At the end of the financial the cash and cash equivalent for the Municipality showed a favorable balance of R 13.3 million.**

5.10 BORROWINGAND INVESTMENT **[BTO]**

BORROWING AND INVESTMENTS

The municipality has no borrowings or investments.

Table 89: Actual Borrowings

Actual Borrowings: R' 000			
Instrument	**2021/22**	**2022/23**	**2023/24**
Municipality			
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Municipality Total	0	0	0
Municipal Entities	-	-	-
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Entities Total	0	0	0
			T 5.10.2

Comment on borrowing and investments:

The municipality had no borrowings or investments in the current year under review.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

- Sibanye gold mine and
- SASOL

COMPONENT D: OTHER FINANCIAL MATTERS **[BTO]**

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Although the SCM policy was reviewed the municipality experienced certain issues of non-compliance with laws and regulations relating to supply chain management (SCM) and the MFMA and in the opinion of the office of the Auditor General these could have been prevented had SCM Regulations been properly adhered to. THE BID COMMITTEES ARE IN PLACE, AND PPPF WAS AMENDED DURING THE FINANCIAL YEAR WHICH RESULTED IN REVIEWING THE EXISTING POLICY.

5.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognised Accounting Practice and it provides guidance on the accounting treatment of financial transactions to which municipalities must comply in order to report on the financial affairs of the municipality. Compliance with GRAP ensures that municipal accounts are accurate, reliable, comparable and informative for the municipality and investors. It also ensures that the municipality is accountable to its citizens and other stakeholders. Compliancy with GRAP is required in order for National Treasury to measure the performance and assess the viability of the municipality.

The Municipality applied the following GRAP standards in preparing the Annual Financial Statements

Standards and Interpretations

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The Effects of Changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property Plant and Equipment
GRAP 18 Segment Reporting
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 20 Related Party Disclosures
GRAP 21 Impairment of Non -Cash Generating Assets
GRAP 23 Revenue from Non- Exchange Transactions (Taxes and Transfers)
GRAP 24 Presentation of Budget Information in Financial Statements
GRAP 25 Employee Benefits
GRAP 26 Impairment of Cash-Generating Assets
GRAP 27 Agriculture
GRAP 31 Intangible Assets
GRAP 32 Service Concession Arrangements: Grantor

GRAP 34 Separate Financial Statements
GRAP 35 Consolidated Financial Statements
GRAP 36 Investments in Associates and Joint Ventures

General Information

Legal form of entity	Dipaleseng Local Municipality
Nature of business and principal activities	Provision of services (sanitation, refuse and other services) to communities in a sustainable manner, to promote social and economic development and to promote a safe and healthy environment.
The following is included in the scope of operation	Rates and waste management, Local Economic Development projects,Poverty alieviation,Planing and promotion of intergrated plan,Land , economic and environmental development.
Mayoral committee	The manadate of the municipality is interms of section 152 of the Constitution of South Africa.
Executive Mayor	Councillor: KB Moeketsi
Speaker	Councillor: XS Shozi
Chief Whip	Councillor: TG Shabalala
Councillors	Councillor: MG Miya (Member of Mayoral Commitee)
	Councillor: AN Carrim (Member of Mayoral Committee)
	Councillor: MD Makhoba (MPAC Chairperson)
	Councillor: LK Dhladhla
	Councillor: CDV Pienaar
	Councillor: AS Nhlapo
	Councillor: RA Motakane
	Councillor: ZE Maya
	Councillor: Z Radebe
Grading of local authority	2
Chief Finance Officer (CFO)	Mr MH Thokoane
Accounting Officer	Mr L Cindi
Registered office	Cnr of Johnny Mokoena Drive and Themba Shozi Street Balfour Mpumalanga 2410
Bankers	First National Bank South Africa
Auditors	Auditor General South Africa Registered Auditors
Audit and Performance Committee	SJ Masite - Chairperson L Langalibalele - Member D Thwala - Member LS Mofokeng - Member
Risk management & ICT Committee	LS Mofokeng - Chairperson

Audited By
2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Dipaleseng Local Municipality 2024

Annual Financial Statements for the year ended 30 June 2024

Index

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

	Page
Accounting officer's Responsibilities and Approval	4
Accounting Officer's Report	5 - 6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Appropriation Statement	11 - 13
Accounting Policies	14 - 41

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SA GAAP	South African Statements of Generally Accepted Accounting Practice

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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 standards considered and applied are listed in pages 43 - 45.

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

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

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

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

The 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 accounting officer certifies that the salaries, allowances and benefits of councillors as disclosed in Note 29 and 30 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

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

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

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

Mr L Cindi

Audited
By
2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in service delivery and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 628 552 963 and that the municipality's total assets exceed its liabilities by R 628 552 963.

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

The municipality is substantially dependent on the government for continued funding of operations. Dipaleseng Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

3. Subsequent events

On the 15th of November 2024, a court ruling by the Balfour Magistrate court was handed down which saw Dipaleseng Local Municipality being charged with contravention of environmental laws. The municipality was fined a total sum of R 160 000 000 (One hundred and sixty million rands). The court ruled that the monies will need to be used to rehabilitate the municipality's Balfour waste water treatment works plant and accompanying equipment and structures by way of procuring adequate services and supplies from qualifying contractors. The municipality is to further utilize the imposed fine for the urgent and necessary repairs on or before December 2028.

4. Accounting policies

.

The accounting policies in pages 14 - 42 were applicable in the year under review. There were no changes in the accounting policies in the year under review.

The annual financial statements prepared 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.

5. Accounting Officer

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

Name
Mr L Cindi

6. Corporate governance

The Council

The Council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

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2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Accounting Officer's Report

. **Corporate governance (continued)**

Audit and performance committee

J Masite was the chairperson of the audit and perfomance committee for the year under review

In terms of Section 166 of the Municipal Finance Management Act, municipality, must appoint members of the Audit Committee. National Treasury policy requires that parent municipalities should appoint further members of the municipality's audit committees who are not directors of the municipal entity onto the audit committee.

7. Bankers

The municipality has its primary bank account with First National Bank.

8. Auditors

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

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

Mr L Cindi

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By
2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Statement of Financial Position as at 30 June 2024

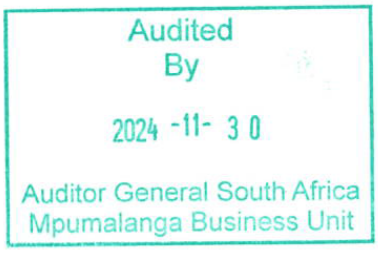
Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	12	4 374 631	13 367 392
Receivables from non-exchange transactions	11	43 848 862	45 372 910
Receivables from exchange transactions	10	183 286 492	150 810 476
Inventories	9	161 560	173 426
VAT receivable	44	7 539 745	-
		239 211 290	**209 724 204**
Non-Current Assets			
Investment property	3	39 356 091	39 160 290
Property, plant and equipment	4	1 058 333 392	951 554 913
Intangible assets	5	88 868	92 428
		1 097 778 351	**990 807 631**
Total Assets		**1 336 989 641**	**1 200 531 835**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	540 933 683	419 357 916
VAT payable	16	-	81 649
Consumer deposits	17	3 007 024	2 944 247
Employee benefit obligation	6&7	787 000	799 000
Unspent conditional grants and receipts	13	-	5 750 000
		544 727 707	**428 932 812**
Non-Current Liabilities			
Employee benefit obligation	7	14 978 000	14 594 000
Other financial liabilities	43	-	4 509 529
Provisions	14	148 730 980	142 089 833
		163 708 980	**161 193 362**
Total Liabilities		**708 436 687**	**590 126 174**
Net Assets		**628 552 954**	**610 405 661**
Accumulated surplus		628 552 963	610 405 661
Total Net Assets		**628 552 963**	**610 405 661**

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Auditor General South Africa
Mpumalanga Business Unit

* See Note 48

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	19	1 310 563	1 215 142
Service charges	20	142 324 685	130 258 710
Rental of facilities and equipment	21	444 781	282 299
Licences and permits	23	3 632 434	5 456 743
Interest received - investment	25	469 685	685 372
Fair value adjustments		195 801	767 849
Actuarial gains	7	1 743 000	1 616 000
Interest received - receivables from exchange transactions	25	10 689 901	14 245 337
Total revenue from exchange transactions		**160 810 850**	**154 527 452**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	37 442 249	30 314 274
Interest - Taxation revenue		33 672 438	30 772 811
Transfer revenue			
Government grants & subsidies	27	136 527 000	139 047 001
Public contributions and donations	28	129 716 617	69 082 942
Fines, Penalties and Forfeits	22	1 610 577	2 882 970
Total revenue from non-exchange transactions		**338 968 881**	**272 099 998**
Total revenue	18	**499 779 731**	**426 627 450**
Expenditure			
Employee related costs	29	(84 696 035)	(76 483 097)
Remuneration of councillors	30	(6 993 098)	(5 748 032)
Depreciation and amortisation	31	(28 576 877)	(28 356 300)
Impairments	32	(5 194 802)	(17 287 939)
Finance costs	33	(36 001 050)	(36 118 837)
Lease rentals on operating lease	24	(443 811)	(602 308)
Debt Impairment	34	(86 698 352)	(175 308 286)
Bulk purchases	35	(98 064 910)	(89 614 975)
Contracted services	36	(65 801 439)	(54 229 474)
Loss on disposal of assets and liabilities		(2 662 977)	(1 757 008)
Inventory consumed		(40 231 542)	(65 942 969)
General Expenses	37	(26 267 536)	(23 683 950)
Total expenditure		**(481 632 429)**	**(575 133 175)**
Surplus (deficit) for the year		**18 147 302**	**(148 505 725)**



* See Note 48

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	792 007 274	792 007 274
Adjustments		
Prior year adjustments 48	(33 095 888)	(33 095 888)
Balance at 01 July 2022 as restated*	**758 911 386**	**758 911 386**
Changes in net assets		
Surplus for the year	(148 505 725)	(148 505 725)
Total changes	(148 505 725)	(148 505 725)
Restated* Balance at 01 July 2023	**610 405 661**	**610 405 661**
Changes in net assets		
Surplus/(Deficit) for the year	18 147 302	18 147 302
Total changes	18 147 302	18 147 302
Balance at 30 June 2024	**628 552 963**	**628 552 963**

Note(s)



* See Note 48

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Property rates		28 845 993	15 675 343
Sale of goods and services		214 347 933	113 643 837
Grants		136 527 000	208 315 703
Interest income		469 685	685 372
		380 190 611	338 320 255
Payments			
Employee costs		(91 084 911)	(81 041 312)
Suppliers		(118 887 927)	(105 493 609)
Finance costs		(36 001 050)	(36 118 837)
		(245 973 888)	(222 653 758)
Net cash flows from operating activities	40	**134 216 723**	**115 666 497**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(143 209 484)	(109 520 129)
Net cash flows from investing activities		**(143 209 484)**	**(109 520 129)**
Net increase/(decrease) in cash and cash equivalents		**(8 992 761)**	**6 146 368**
Cash and cash equivalents at the beginning of the year		13 367 392	7 221 024
Cash and cash equivalents at the end of the year	12	**4 374 631**	**13 367 392**

The accounting policies on pages 14 to 41 and the notes on pages 42 to 107 form an integral part of the annual financial statements.

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By
2024 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

* See Note 48

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2024											
Financial Performance											
Property rates	37 171 000	-	37 171 000	-		37 171 000	37 442 249		271 249	101 %	101 %
Service charges	155 303 000	-	155 303 000	-		155 303 000	142 324 685		(12 978 315)	92 %	92 %
Investment revenue	45 992 000	-	45 992 000	-		45 992 000	11 159 586		(34 832 414)	24 %	24 %
Transfers recognised - operational	104 024 000	-	104 024 000	-		104 024 000	109 774 000		5 750 000	106 %	106 %
Other own revenue	11 721 000	-	11 721 000	-		11 721 000	172 326 211		160 605 211	1 470 %	1 470 %
Total revenue (excluding capital transfers and contributions)	**354 211 000**	**-**	**354 211 000**	**-**		**354 211 000**	**473 026 731**		**118 815 731**	**134 %**	**134 %**
Employee costs	(71 924 000)	-	(71 924 000)	-	-	(71 924 000)	(84 696 035)	-	(12 772 035)	118 %	118 %
Remuneration of councillors	(6 448 000)	-	(6 448 000)	-	-	(6 448 000)	(6 993 098)	-	(545 098)	108 %	108 %
Depreciation and asset impairment	(89 450 000)	-	(89 450 000)			(89 450 000)	(33 771 679)	-	55 678 321	38 %	38 %
Finance charges	(16 990 000)	8 000 000	(8 990 000)	-	-	(8 990 000)	(36 001 050)	-	(27 011 050)	400 %	212 %
Inventory consumed and bulk purchases	(111 980 000)	-	(111 980 000)	-	-	(111 980 000)	(42 906 708)	-	69 073 292	38 %	38 %
Other expenditure	(52 220 000)	(8 000 000)	(60 220 000)	-	-	(60 220 000)	(276 699 835)	-	(216 479 835)	459 %	530 %
Total expenditure	**(349 012 000)**	**-**	**(349 012 000)**	**-**	**-**	**(349 012 000)**	**(481 068 405)**	**-**	**(132 056 405)**	**138 %**	**138 %**
Surplus/(Deficit)	**5 199 000**	**-**	**5 199 000**	**-**		**5 199 000**	**(8 041 674)**		**(13 240 674)**	**(155)%**	**(155)%**

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Statement of Comparison of Budget and Actual amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 705 000	-	36 705 000	-		36 705 000	26 753 000		(9 952 000)	73 %	73 %
Surplus (Deficit) after capital transfers and contributions	**41 904 000**	**-**	**41 904 000**	**-**		**41 904 000**	**18 711 326**		**(23 192 674)**	**45 %**	**45 %**
Surplus/(Deficit) for the year	**41 904 000**	**-**	**41 904 000**	**-**		**41 904 000**	**18 711 326**		**(23 192 674)**	**45 %**	**45 %**
Capital expenditure and funds sources											
Total capital expenditure	36 705 000	-	36 705 000	-		36 705 000	36 509 000		(196 000)	99 %	99 %
Financial position											
Total current assets	424 909 000	-	424 909 000	-		424 909 000	239 211 290		(185 697 710)	56 %	56 %
Total non current assets	885 263 000	-	885 263 000	-		885 263 000	1 097 778 352		212 515 352	124 %	124 %
Total current liabilities	(162 001 000)	-	(162 001 000)	-		(162 001 000)	(544 727 708)		(382 726 708)	336 %	336 %
Total non current liabilities	(155 964 000)	-	(155 964 000)	-		(155 964 000)	(163 708 980)		(7 744 980)	105 %	105 %
Community wealth/Equity	992 207 000	-	992 207 000	-		992 207 000	628 552 954		(363 654 046)	63 %	63 %

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Statement of Comparison of Budget and Actual amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	67 869 000	-	67 869 000	-		67 869 000	134 216 723		66 347 723	198 %	198 %
Net cash from (used) investing	(36 705 000)	-	(36 705 000)	-		(36 705 000)	(143 209 484)		(106 504 484)	390 %	390 %
Net increase/(decrease) in cash and cash equivalents	**31 164 000**	**-**	**31 164 000**	**-**		**31 164 000**	**(8 992 761)**		**(40 156 761)**	**(29)%**	**(29)%**
Cash and cash equivalents at the beginning of the year	112 074 000	-	112 074 000	-		112 074 000	13 367 392		(98 706 608)	12 %	12 %
Cash and cash equivalents at year end	**143 238 000**	**-**	**143 238 000**	**-**		**143 238 000**	**4 374 631**		**138 863 369**	**3 %**	**3 %**

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Accounting Policies

Figures in Rand	Note(s)	2024	2023

1. Presentation of Annual Financial Statements

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

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

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

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

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 Materiality

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

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

1.4 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 / Held to maturity investments and/or loans and receivables

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

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [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 14 - 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.

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 7.

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.

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Accounting Policies

1.5 Investment property

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

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

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

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

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

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

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

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).

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Accounting Policies

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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.

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	0 - 100 years
Plant and machinery	Straight-line	5 - 15 years
Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	5 - 12 years
Office equipment	Straight-line	5 - 12 years
IT equipment	Straight-line	3 - 5 years
Computer software	Straight-line	3 - 5 years
Infrastructure	Straight-line	0 - 100 years
Community	Straight-line	0 - 100 years

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1.6 Property, plant and equipment (continued)

Other property, plant and equipment	Straight-line	5 -12 years
Specialised vehicles	Straight-line	7 - 12 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

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

1.7 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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1.7 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

(a) changes in the liability alter 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.

1.8 Intangible assets

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

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

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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1.8 Intangible assets (continued)

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.

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, internally generated	Straight-line	3 years
Intangible assets 1	Straight-line	Indefinite

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.

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

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

A financial asset is:

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

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

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

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1.9 Financial instruments (continued)

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.9 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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
Trade and other payables from exchange transactions (excluding employee related payables)	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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.

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

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1.10 Statutory receivables (continued)

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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.

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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.

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

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

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 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.

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.

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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; 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 cash-generating assets or non-cash-generating assets, are as follows:

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

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

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1.13 Impairment of cash-generating assets (continued)

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.

Discount rate

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

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

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1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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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.

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.

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.

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

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.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

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:

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.

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1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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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 (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

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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 on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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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 when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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Accounting Policies

1.18 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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

1.19 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.

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1.19 Revenue from non-exchange transactions (continued)

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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.

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1.19 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

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

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

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

The taxable event for 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.

Taxation revenue are not grossed up for the amount of tax expenditures.

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.

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1.19 Revenue from non-exchange transactions (continued)

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.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.20 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.

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1.23 Accounting by principals and agents (continued)

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

1.24 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.

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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).

AIrregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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.

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 2023/07/01 to 2024/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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 venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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Accounting Policies

1.30 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.31 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 Distribution losses

Distribution losses are calculated as the difference between water consumed and billed, water freely given to the community and water produced.

1.33 Grants and Transfers

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Municipality either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Municipality returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

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2. Standards and Interpretations

2.1 Standards and interpretations approved and effective for 2023/24 Financial Year

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Costs

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

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2. Standards and Interpretations (continued)

GRAP 11 Construction Contracts

GRAP 13 Leases

GRAP 14 Events After the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property Plant and Equipment

GRAP 18 Segment Reporting

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 20 Related Party Disclosures

GRAP 21 Impairment of Non -Cash Generating Assets

GRAP 23 Revenue from Non- Exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-Generating Assets

GRAP 27 Agriculture

GRAP 31 Intangible Assets

GRAP 32 Service Concession Arrangements: Grantor

GRAP 34 Separate Financial Statements

GRAP 35 Consolidated Financial Statements

GRAP 36 Investments in Associates and Joint Ventures

GRAP 37 Joint Arrangements

GRAP 38 Disclosure of Interests of Other Entities

GRAP 100 Discounted Operations

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

GRAP 105 Transfer of Functions Between Entities Under Common Control

GRAP 106 Transfer of Functions Between Entities Not Under common Control

GRAP 107 Mergers

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

GRAP 110 Living and Non-Living resources

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2. Standards and Interpretations (continued)

IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue

IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3 Determining whether an arrangement contains a lease

IGRAP 4 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

IGRAP 5 Applying the restatement approach under the Standard of GRAP on financial reporting in hyperinflationary economies

IGRAP 6 Loyalty Programme

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases – Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue – Barter Transactions Involving Advertising Services

IGRAP 16 Intangible Assets – Website Costs

IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

IGRAP 18 Recognition and Derecognition of Land

Standards and interpretations issued, but not yet effective

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.

Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in

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2. Standards and Interpretations (continued)
the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2023.

The municipality has adopted the revisions for the first time in the 2023/2024 unaudited annual financial statements.

The impact of the revisions is set out in note 2 Changes in Accounting Policy

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3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	39 356 091	-	39 356 091	39 160 290	-	39 160 290

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	39 160 290	195 801	39 356 091

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	38 392 441	767 849	39 160 290

Pledged as security

No investment property is pledged as security.

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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3. Investment property (continued)

Details of valuation

The effective date of the revaluations was Sunday, 30 June 2024. Revaluations were performed by an independent valuer, Erina Otto of i@ Consulting. i@ Consulting are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The municipality applied fair value adjustment on the investment properties at the end of the financial year. The fair value adjustments of the investment properties being for improved and unimproved land was determined based on the trend of the general market growth rate figure as indicated through the FNB house price indices for June 2024, being a rate of 0.5%, adjusted to reflect the current market conditions per suburb

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4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 902 500	-	2 902 500	2 902 500	-	2 902 500
Plant and machinery	1 647 369	(1 256 439)	390 930	1 528 369	(1 108 570)	419 799
Furniture and fixtures	3 646 159	(2 816 196)	829 963	3 594 117	(2 536 033)	1 058 084
Motor vehicles	13 955 455	(5 462 863)	8 492 592	14 636 857	(11 857 122)	2 779 735
IT equipment	2 823 972	(1 648 003)	1 175 969	2 423 694	(1 319 298)	1 104 396
Infrastructure	1 533 868 334	(546 015 709)	987 852 625	1 404 798 424	(521 746 794)	883 051 630
Community	88 970 427	(46 548 684)	42 421 743	91 228 081	(46 513 540)	44 714 541
Other property, plant and equipment	78 907 869	(64 640 799)	14 267 070	78 705 547	(63 181 319)	15 524 228
Total	**1 726 722 085**	**(668 388 693)**	**1 058 333 392**	**1 599 817 589**	**(648 262 676)**	**951 554 913**

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions through provisions	Disposals	Depreciation	Impairment loss	Total
Land	2 902 500	-	-	-	-	-	2 902 500
Plant and machinery	419 799	119 000	-	-	(147 869)	-	390 930
Furniture and fixtures	1 058 084	52 448	-	-	(280 569)	-	829 963
Motor vehicles	2 779 735	6 975 026	-	(53 124)	(903 473)	(305 572)	8 492 592
IT equipment	1 104 396	400 278	-	-	(328 705)	-	1 175 969
Infrastructure	883 051 630	136 853 801	(1 000 059)	(1 814 640)	(24 519 494)	(4 718 613)	987 852 625
Community	44 714 541	-	(265 010)	(795 037)	(1 063 927)	(168 824)	42 421 743
Other property, plant and equipment	15 524 228	74 000	-	(85)	(1 329 280)	(1 793)	14 267 070
	951 554 913	**144 474 553**	**(1 265 069)**	**(2 662 886)**	**(28 573 317)**	**(5 194 802)**	**1 058 333 392**

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through provisions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	2 902 500	-	-	-	-	-	-	2 902 500
Plant and machinery	571 769	-	-	-	-	(151 970)	-	419 799
Furniture and fixtures	1 171 466	165 530	-	-	-	(278 912)	-	1 058 084
Motor vehicles	2 958 779	136 295	-	-	215 200	(530 539)	-	2 779 735
IT equipment	1 223 333	202 862	-	-	-	(321 799)	-	1 104 396
Infrastructure	813 694 677	119 034 649	(6 714 077)	(1 111 368)	-	(24 564 311)	(17 287 940)	883 051 630
Community	45 852 250	-	-	(4 907)	-	(1 132 802)	-	44 714 541
Other property, plant and equipment	17 537 370	-	-	(640 735)	-	(1 372 407)	-	15 524 228
	885 912 144	**119 539 336**	**(6 714 077)**	**(1 757 010)**	**215 200**	**(28 352 740)**	**(17 287 940)**	**951 554 913**

Pledged as security

No assets are pledged as security.

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	157 718 821	12 372 379	170 091 200
Additions/capital expenditure	30 992 013	-	30 992 013
Transferred to completed items	(67 051 462)	-	(67 051 462)
	121 659 372	**12 372 379**	**134 031 751**

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	253 802 731	12 372 379	266 175 110
Additions/capital expenditure	111 348 458	-	111 348 458
Transferred to completed items	(207 432 368)	-	(207 432 368)
	157 718 821	**12 372 379**	**170 091 200**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Maintenance of infrastructure	15 271 083	3 374 896
Maintenance of equipment	9 929	8 300 287
Maintenance of transport services	15 787 746	10 974 098
Maintenance of unspecified assets	284 105	333 554
Maintananace of building and facilities	130 000	-
	31 482 863	**22 982 835**

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.

AIncluded in Work in Progress (WIP) total carrying value are projects which are taking significantly longer to complete. The total carrying value of such projects is:

Project	**Carrying value as at 30 June 2024**	**Status and reason for delay**
2019_055 Outdoor Facilities: Upgrading of Stadium	12 372 378	Contractor dispute, currently under investigation. Commencement will only take place after conclusion of the legal proceedings
050 Construction of Balfour new Substation	70 791 640	Ongoing Project. Awaiting Eskom to commission the substation.
003 Design and construction supervision for the rehabilitation of roads in Dipaleseng (Siyathemba)	49 604	Project design have been completed. Awaiting budget allocation to commence with implementation
044 Design and construction supervision of Siyathemba 20 MVA (2x 10MVA) 88/22 KV substation	840 000	Ongoing project. Awaiting Eksom to commission the substation
2020_014_RBIG Capital Spares: ESKOM upgrade of the 11kV line to 22kV line	80 446	Design has been completed. Awaiting budget allocation to implement project.
029 Expansion of Waste Water Treatment / Expansion of waste water treatment works in Balfour	6 870 088	The Gert Sibande District have taken over implementation. Will be completed upon handover by the District Municipality
2020_010_RBIG Waste Water Treatment Works: Upgrading of Balfour Wastewater Treatment Works (From a 6 Ml/day to 12 Ml/day)	529 539	The Gert Sibande District have taken over implementation. Will be completed upon handover by the District Municipality
Total	**91 533 695**	-

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5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	17 800	(12 738)	5 062	17 800	(9 178)	8 622
Intangible assets	83 806	-	83 806	83 806	-	83 806
Total	**101 606**	**(12 738)**	**88 868**	**101 606**	**(9 178)**	**92 428**

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	8 622	(3 560)	5 062
Intangible assets	83 806	-	83 806
	92 428	**(3 560)**	**88 868**

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	12 182	(3 560)	8 622
Intangible assets	83 806	-	83 806
	95 988	**(3 560)**	**92 428**

Pledged as security

No intangible assets are pledged as security.

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6. Employee benefit obligations

Long service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service.

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The Projected Unit Credit Method has been used to value the liabilities. The latest valuation was performed for Dipaleseng Local Municipality as at 30 June 2024 by qualified experts.

The accumulated defined benefit obligation in respect of the long-service awards are provided, based on calculations of independent actuaries, using methods and assumptions consistent with GRAP 25 (Employee Benefits).

Long service award relate to the legal obligation to provide long service leave awards. Actuarial benefits have been calculated

for 180 eligible employees as at 30 June 2024 that are entitled to long service awards. The long service awards liability is not a funded arrangement. i.e. no separate assets have been set aside to meet this liability.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	3 630 000	3 283 000
Non-current liabilities	(14 978 000)	(14 594 000)
Current liabilities	(787 000)	(799 000)
	(15 765 000)	**(15 393 000)**

Changes in the present value of long service award obligation are as follows:

Opening balance	3 283 000	3 671 000
Benefits paid	(382 000)	(620 000)
Net expense recognised in the statement of financial performance	729 000	232 000
	3 630 000	**3 283 000**

Net expense recognised in the statement of financial performance

Current service cost	282 000	313 000
Interest cost	402 000	436 000
Actuarial (gains) losses	45 000	(517 000)
	729 000	**232 000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	45 000	(517 000)

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6. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	Yield Curve	4,67 %
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	5,10 %
Normal Salary Increase Rate	Equal to CPI+1%	6,10 %
Net Effective Discount Rate	Yield curve based**	4,00 %
Average Retirement Age (years)	62	62
Nominal Retirement Age (years)	65	65
Mortality Rates	SA85-90	SA-85-90
	-	-

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

We use the nominal and real zero curves as at 30 June 2024 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

**The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2024 of 5.4%. The next salary increase was assumed to take place on 01 July 2025.

Sensitivity analysis

	-20 Withdrawal rate	+20 Withdrawal rate
Total Accrued Liability	3 793 000	3 479 000
Current Service Cost	317 000	278 000
Interest cost	405 000	369 000
	4 515 000	**4 126 000**

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6. Employee benefit obligations (continued)

Other assumptions

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

We have tested the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follows

	One percentage point increase	One percentage point decrease
Total Accrued Liability	3 851 000	3 426 000
Current Service Cost	319 000	276 000
Interest Cost	412 000	364 000

Amounts for the current and previous four years are as follows:

	2024	2023	2022	2021	2020
	R	R	R	R	R
Defined benefit obligation	3 283 000	3 671 000	3 259 000	2 850 000	2 630 850

7. Employee benefit obligations

Post-employment Medical Aid Liabilities

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. The previous actuaries however assumed that only 75% of those currently on medical aid would be on medical aid in retirement. However, they also assumed that 15% of those not currently on medical aid would be on medical aid in retirement. We also assumed that all active members will remain on the same medical aid option at retirement.

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e., no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	12 135 000	12 110 000
Non-current liabilities	(14 978 000)	(14 594 000)
Current liabilities	(787 000)	(799 000)
	(15 765 000)	**(15 393 000)**

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6. Employee benefit obligations (continued)

Changes in the present value of long service award obligation are as follows:

Opening balance	12 110 000	11 529 000
Benefits paid	(312 000)	(293 000)
Net expense recognised in the statement of financial performance	337 000	874 000
	12 135 000	**12 110 000**

Net expense recognised in the statement of financial performance

Current service cost	552 000	595 000
Interest cost	1 573 000	1 378 000
Actuarial (gains) losses	(1 788 000)	(1 099 000)
	337 000	**874 000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(1 788 000)	(1 099 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	Yield Curve		4,67 %
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve		5,10 %
Normal Salary Increase Rate	Equal to CPI+1%		6,10 %
Net Effective Discount Rate	Yield curve based**		4,00 %
Average Retirement Age (years)	62	62	
Nominal Retirement Age (years)	65	65	

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

We use the nominal and real zero curves as at 30 June 2024 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Sensitivity analysis

	-20 Withdrawal rate	+20 Withdrawal rate
Total Accrued Liability	12 983 000	11 404 000
Current Service Cost	1 535 000	1 346 000
Interest cost	654 000	572 000
	15 172 000	**13 322 000**

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6. Employee benefit obligations (continued)

Other assumptions

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

We have tested the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follows

	One percentage point increase	One percentage point decrease
Total Accrued Liability	12 693 000	11 289 000
Current Service Cost	645 000	552 000
Interest Cost	1 501 000	1 331 000

Amounts for the current and previous four years are as follows:

8. Employee benefit obligation split

	2024	2023
Current Liabilities	787 000	799 000
Non-Current Liabilities	14 978 000	14 594 000
	15 765 000	**15 393 000**

9. Inventories

Maintenance materials	111 420	111 420
Water for distribution	50 140	62 006
	161 560	**173 426**

Inventory pledged as security

No Inventory has been pledged as security.

Inventory expensed

	2024	2023
Water consumed	16 757 690	35 407 386

10. Receivables from exchange transactions

Gross balances		
Consumer debtors - Electricity	121 031 558	95 714 180
Consumer debtors - Water	165 683 710	150 339 175
Consumer debtors - Waste water	191 603 174	173 827 477
Consumer debtors - Refuse	108 263 323	99 114 668
Consumer debtors - Property rental	2 787 722	2 190 094
Consumer debtors - Other	107 579 199	107 193 944
	696 948 686	**628 379 538**

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10. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Consumer debtors - Electricity	(64 547 106)	(51 150 239)
Consumer debtors - Water	(127 167 216)	(113 126 465)
Consumer debtors - Waste water	(162 948 239)	(142 797 495)
Consumer debtors - Refuse	(103 123 624)	(90 569 343)
Consumer debtors - Property rental	(1 621 666)	(1 202 898)
Consumer debtors - Other	(54 254 343)	(78 722 622)
	(513 662 194)	**(477 569 062)**
Net balance		
Electricity	56 484 452	44 563 941
Water	38 516 494	37 212 710
Waste water	28 654 935	31 029 982
Refuse	5 139 699	8 545 325
Consumer debtors - Property rental	1 166 056	987 196
Consumer debtors - Other	53 324 856	28 471 322
	183 286 492	**150 810 476**
Electricity		
Current (0 -30 days)	7 668 854	1 441 224
31 - 60 days	2 966 015	2 100 936
61 - 90 days	2 627 623	1 947 107
91 - 120 days	2 530 748	1 893 450
121 - 365 days	19 734 489	11 500 003
> 365 days	20 956 723	25 681 221
	56 484 452	**44 563 941**
Water		
Current (0 -30 days)	2 890 895	1 249 345
31 - 60 days	2 455 104	1 424 503
61 - 90 days	2 288 051	1 064 801
91 - 120 days	2 268 336	1 031 363
121 - 365 days	17 346 047	8 144 196
> 365 days	11 268 061	24 298 502
	38 516 494	**37 212 710**
Waste water		
Current (0 -30 days)	3 511 278	1 334 643
31 - 60 days	2 730 408	1 301 962
61 - 90 days	2 574 145	1 255 387
91 - 120 days	2 537 174	1 222 274
121 - 365 days	12 279 389	9 546 669
> 365 days	5 022 541	16 369 047
	28 654 935	**31 029 982**
Refuse		
Current (0 -30 days)	757 351	781 976
31 - 60 days	825 666	758 841
61 - 90 days	857 000	748 873
91 - 120 days	701 010	733 560
121 - 365 days	765 123	742 355
> 365 days	1 233 549	4 779 720
	5 139 699	**8 545 325**

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10. Receivables from exchange transactions (continued)

Property rental debtors		
Current (0 -30 days)	20 539	19 439
31 - 60 days	18 767	19 143
61 - 90 days	19 253	18 752
91 - 120 days	19 696	17 910
121 - 365 days	19 225	17 558
> 365 days	1 068 576	894 394
	1 166 056	**987 196**
Other		
Current (0 -30 days)	4 278 111	3 813 671
31 - 60 days	4 881 911	4 633 408
61 - 90 days	4 551 676	4 679 711
91 - 120 days	4 213 789	4 410 494
121 - 365 days	9 235 589	3 352 118
> 365 days	26 163 780	7 581 920
	53 324 856	**28 471 322**

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10. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Industrial / commercial		
Current (0 -30 days)	1 897 480	1 681 668
31 - 60 days	1 063 030	2 137 265
61 - 90 days	1 067 976	1 910 314
91 - 120 days	1 159 402	1 855 253
121 - 365 days	3 652 490	15 097 296
> 365 days	152 680 367	122 623 065
	161 520 745	**145 304 861**
Residential		
Current (0 -30 days)	8 123 333	6 640 921
31 - 60 days	7 999 103	6 808 178
61 - 90 days	7 373 572	6 505 254
91 - 120 days	7 437 515	6 294 074
121 - 365 days	56 946 467	48 626 428
> 365 days	471 978 570	409 263 801
	559 858 560	**484 138 656**
National and provincial government		
Current (0 -30 days)	304 792	131 980
31 - 60 days	250 416	119 546
61 - 90 days	253 807	95 517
91 - 120 days	232 114	88 081
121 - 365 days	1 220 846	639 593
> 365 days	9 226 627	2 769 726
	11 488 602	**3 844 443**
Total		
Current (0 -30 days)	10 325 605	8 913 369
31 - 60 days	9 312 549	9 499 820
61 - 90 days	8 695 355	9 021 857
91 - 120 days	8 829 031	8 628 481
121 - 365 days	61 819 803	41 915 405
> 365 days	597 966 343	550 400 606
	696 948 686	628 379 538
Less: Allowance for impairment	(513 662 194)	(477 569 062)
	183 286 492	**150 810 476**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(477 569 062)	(304 627 704)
Contributions to allowance	(36 093 132)	(172 941 358)
	(513 662 194)	**(477 569 062)**

Receivables from exchange pledged as security

No receivables from exchange transactions were pledged as security.

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10. Receivables from exchange transactions (continued)

Receivables from exchange debtors impaired

As of 30 June 2024, receivables from exchange transactions of R 696 299 211 (2023: R 628 379 538) were impaired and provided for.

The amount of the provision was R 513 662 194 as of 30 June 2024 (2023: R 477 569 063).

The ageing of the amounts considered for impairment are as follows:

1 month past due	7 998 477	8 970 550
2 months past due	7 921 213	6 751 007
3 months past due	7 568 546	7 003 621
3 to 6 months	57 672 761	6 336 998
Over 6 months	477 873 636	532 999 227

Consumer debtors past due but not impaired

The ageing of amounts past due but not impaired for the 2024 financial year is as follows (2023 - all debtors were considered for impairment):

1 month past due	30 076 002	2 455 156
2 months past due	17 638 357	2 093 411
3 months past due	16 032 235	1 831 959
3 to 6 months	47 621 481	5 338 900
Over 6 months	91 905 490	133 030 792

11. Receivables from non-exchange transactions

Gross balances		
Consumer debtors - Rates	128 133 093	119 536 837
Fines	9 309 650	7 840 860
	137 442 743	**127 377 697**
Less: Allowance for impairment		
Consumer debtors - Rates	(84 434 344)	(74 374 679)
Fines	(9 159 537)	(7 630 108)
	(93 593 881)	**(82 004 787)**
Net balance		
Consumer debtors - Rates	43 698 749	45 162 158
Fines	150 113	210 752
	43 848 862	**45 372 910**
Rates		
Current (0 -30 days)	1 182 125	2 363 397
31 - 60 days	3 009 737	1 806 535
61 - 90 days	2 670 357	2 002 266
91 - 120 days	2 548 954	1 738 674
121 - 365 days	20 750 457	13 297 635
> 365 days	97 971 463	98 328 330
	128 133 093	**119 536 837**

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11. Receivables from non-exchange transactions (continued)

Summary of debtors by customer classification

Industrial / commercial		
Current (0 -30 days)	952 333	821 209
31 - 60 days	55 100	532 419
61 - 90 days	623 011	520 466
91 - 120 days	732 555	504 673
121 - 365 days	4 519 561	3 733 984
> 365 days	24 335 559	22 103 652
	31 218 119	**28 216 403**
Residential		
Current (0 -30 days)	985 557	784 577
31 - 60 days	889 335	701 457
61 - 90 days	822 324	711 774
91 - 120 days	599 325	679 185
121 - 365 days	6 125 541	5 276 896
> 365 days	36 946 467	28 248 599
	46 368 549	**36 402 488**
National and provincial government		
Current (0 -30 days)	304 792	187 606
31 - 60 days	250 416	178 065
61 - 90 days	253 807	173 339
91 - 120 days	232 114	172 422
121 - 365 days	236 568	1 269 407
> 365 days	10 210 904	7 622 402
	11 488 601	**9 603 241**
Other		
Current (0 -30 days)	649 533	570 005
31 - 60 days	422 135	394 595
61 - 90 days	568 898	596 688
91 - 120 days	336 988	382 394
121 - 365 days	4 882 335	3 017 347
> 365 days	19 716 304	20 339 154
	26 576 193	**25 300 183**
Total		
Current (0 -30 days)	2 892 215	2 363 397
31 - 60 days	1 616 986	1 806 535
61 - 90 days	2 268 040	2 002 266
91 - 120 days	1 900 982	1 738 674
121 - 365 days	15 764 005	13 297 635
> 365 days	103 690 865	98 328 330
	128 133 093	119 536 837
Less: Allowance for impairment	(84 434 344)	(74 374 679)
	43 698 749	**45 162 158**

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11. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(74 374 678)	(82 422 334)
Contributions to allowance	(10 059 666)	-
Reversal of allowance	-	8 047 656
	(84 434 344)	**(74 374 678)**

Included in receivables from non-exchange transactions above are statutory receivables as described below:

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11. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines are governed by Administrative Adjudication of Road Traffic Offences Act, No. 46 of 1998 (AARTO) and National Road Traffic Act, No. 93 of 1996 of South Africa, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Property rates is levied in terms of the Municipal Property Rates Act 6 of 2004, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council approved rates randages against the valuation of individual properties within the municipality jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable.

Basis used to assess and test whether a statutory receivable is impaired

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11. Receivables from non-exchange transactions (continued)

The estimate were determined by the judgment of the management of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt. The effects of the time value of money has been ignored due to the fact that the debt is immediately payable.

In assessing whether statutory receivables are impaired, management assessed whether there are any indications that:
(a) Individually significant receivables are impaired; and/or
(b) Groups of similar, individually insignificant, receivables are impaired.

The following accounts are specifically excluded from the assessment for impairment:
Receivable accounts with a total credit balance at reporting date;
Receivable accounts where the total balance at reporting date is zero;
Receivable accounts where the municipality is the owner, as this is raised on the debtor system and rebated accordingly;
Receivable accounts which relate to:
Business owners
Industrial businesses
Corporates and organs of state
and
Receivable account balances that have not been outstanding for more than 30 days at reporting date as these account balances are considered not to be past due

In estimating the future cash flows, management considered both the amount and timing of the cash flows that it will receive in future. In line with par 12 of the Credit Control Policy, the municipality does not see itself as a credit provision institution and hence the effect of the time value of money is not considered as all outstanding amounts are immediately payable
.
In determining the amount impaired, management estimates the cash flows that it expects to collect based on facts and circumstances at the reporting date.

The future cash flows of a group of receivables that were individually or collectively evaluated for impairment were estimated using historical experience. For this purpose management adopted the payment pattern of each receivable.

Traffic fines will be impaired when the possibility of collecting the fines cannot be ascertained and where the prospects of a successful prosecution of an offender are not certain.

The National Prosecuting Authority (NPA) has issued a countrywide instruction that all outstanding traffic fines issued in terms of the Criminal Procedure Act should be cancelled after 18 months if no summons has been issued.

Additionally, where a summons has been issued and the alleged transgressor fails to appear in court, resulting in a warrant of arrest, the warrant has a lifetime of two years from the date of issue. Should it not been executed within two years, it should also be cancelled.

Based on the above mentioned, individual traffic fines will be assessed to identify the following:

Traffic fines issued in terms of the Criminal Procedure Act, that are outstanding for a period greater than or equal to 18 months, and no summons have been issued; and

Traffic fines where warrants of arrest remain outstanding for greater than or equal to two years, from the date the warrant has been issued.

The above mentioned traffic fines will be considered for 100% of impairment of the rand value outstanding, as it is probable that these traffic fines will be written off by the municipality.

A group assessment of receivables shall further be conducted on the remaining traffic fine receivables taking into account the following criteria:

All fines with balances outstanding beyond the due date for payment

Statutory receivables past due but not impaired

The ageing of amounts past due but not impaired for the 2024 financial year is as follows:

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11. Receivables from non-exchange transactions (continued)

1 month past due	1 182 125	1 356 795
2 months past due	946 804	1 055 795
3 months past due	921 393	1 033 562
3 to 6 months	3 064 286	2 985 505
Over 6 months	37 934 089	46 096 597

Statutory receivables impaired

As of 30 June 2024, Statutory receivables of R137 442 743 (2023: R127 377 697) were impaired and provided for.

The amount of the provision was R93 593 881 as of 30 June 2024 (2023: R82 004 787).

The ageing of the amounts past due and impaired is as follows:

1 month past due	1 723 553	1 796 875
2 months past due	1 627 561	1 545 064
3 months past due	1 579 970	1 809 281
3 to 6 months	4 801 872	4 449 605
Over 6 months	76 577 009	66 688 968

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 374 631	13 367 392

Cash and cash equivalents pledged as collateral

No cash and cash equivalents has been pledged as collateral security in the current year.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
First National BANK - Cheque Account - 51590840208	1 366 498	2 277 443	127 587	2 423 767	2 406 502	1 926 027
First National BANK - Current Account - 62054655827	117 366	1 383 861	43 459	1 950 442	3 232 832	892 156
First National BANK - Call Account - 62033239783	422	7 728 058	4 539 163	422	7 728 058	4 384 606
Total	**1 484 286**	**11 389 362**	**4 710 209**	**4 374 631**	**13 367 392**	**7 202 789**

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Disaster Recovery Grant	-	5 750 000

See note for reconciliation of grants from National/Provincial Government.

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14. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	67 143 997	(1 000 059)	7 641 206	73 785 144
Provision - Department of water & sanitation	74 945 836	-	-	74 945 836
	142 089 833	**(1 000 059)**	**7 641 206**	**148 730 980**

Reconciliation of provisions - 2023

	Opening Balance	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	66 824 883	(6 714 077)	7 033 191	67 143 997
Department of Water and Sanitation	74 945 836	-	-	74 945 836
	141 770 719	**(6 714 077)**	**7 033 191**	**142 089 833**

Environmental rehabilitation provision

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year end toreflect the best estimate at reporting date. The sites under consideration are the Greylingstad, Siyathemba, and Grootvlei landfill sites.

The valuation for the landfill site was performed by Mr Seakle Godschalk Pr Sci Nat, GIMFO, and Dr. Maryna Mohr, both partners in Environmental and Sustainability Solutions (ESS).

Mr Godschalk is a registered professional environmental scientist with the South African Council for Natural Scientist Profession(SACNASP) as well as the Southern African Institute of Ecologists and Environmental Scientists(SAIE&ES). He holds a Master's degree in Science as well as a Master's degree in Accounting. Mr Godschalk is also a member of the Institute of Governmentl Finance, Auditand Risk Officers(CIGFARO) and Institute of Directors.

Dr Möhr holds an MBA as well as a D Tech. For the latter she developed an Environmental Management Accounting model for the mining industry. She was a member of the United Nations expert workgroup that developed an International Guidance Document: Environmental Management Accounting that was published by the International Federation of Accountants (IFAC) in 2005. Maryna is a member of the Institute of Director.

Both ESS members represent South Africa on the International Standards Organisation workgroups for the development of international standards on Material Flow Cost Accounting, the Monetary Valuation of Environmental Impacts and Aspects, and Determining Environmental Costs and Benefits. They developed an environmental management accounting system for Gold Fields and the Auditor General of South Africa. For the Department of Defence, they developed the Environmental Liability Costing Model to estimate the rehabilitation costs of military training areas. On their own initiative they developed the GLCCM that formed the basis for this assessment. ESS is a member of the Institute of Waste Management in South Africa (IWMSA).

Key financial assumptions used in this calculation were as follows:

	Greylingstad	Grootvlei	Siyathemba
CPI	5.17%	5.17%	5.17%
Discount rate	10.17%	10.42%	10.67%
Net effective discount rate	5.00%	5.25%	5.5%

Department of Water and Sanitation

The accounting records of the Department of Water and Sanitation indicate that the Municipality owes the department an amount of R 74 945 836 in historic debt. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The timing of the outflow is unknown as engagements between the Municipality and the department are underway

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15. Payables from exchange transactions		
Trade payables	389 048 561	281 595 794
Amounts received in advanced	9 872 584	9 024 471
Retention	9 300 677	11 800 990
Accrued leave pay	13 038 766	12 360 610
Accrued bonus	1 444 711	1 374 013
Accrued expense	71 557 727	66 326 697
Unallocated deposits	12 083 464	10 637 941
Agency fees	34 189 292	23 579 966
Salary clearing Control	397 901	2 657 434
	540 933 683	**419 357 916**
16. VAT payable		
VAT Input	-	112 784 101
VAT Output	-	(112 865 750)
	-	**(81 649)**
17. Consumer deposits		
Electricity	3 007 024	2 944 247
18. Revenue		
Sale of goods	1 310 563	1 215 142
Service charges	142 324 685	130 258 710
Rental of facilities and equipment	444 781	282 299
Licences and permits	3 632 434	5 456 743
Actuarial gains/losses	1 743 000	1 616 000
Interest received - investment	469 685	685 372
Dividends or similar distributions received	10 689 901	14 245 337
Property rates	37 442 249	30 314 274
Government grants & subsidies	136 527 000	139 047 001
Public contributions and donations	129 716 617	69 082 942
Fines, Penalties and Forfeits	1 610 577	2 882 970
	465 911 492	**395 086 790**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	1 310 563	1 215 142
Service charges	142 324 685	130 258 710
Rental of facilities and equipment	444 781	282 299
Licences and permits	3 632 434	5 456 743
Interest received - investment	469 685	685 372
Dividends or similar distributions received	10 689 901	14 245 337
	158 872 049	**152 143 603**

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18. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	37 442 249	30 314 274
Transfer revenue		
Government grants & subsidies	136 527 000	139 047 001
Public contributions and donations	129 716 617	69 082 942
Fines, Penalties and Forfeits	1 610 577	2 882 970
	305 296 443	**241 327 187**

19. Sale of Goods

Tender Documents	338 987	140 785
Advertisements	-	1 932
Cemetery	220 860	106 025
Escort Fees	831	-
Clearance certificates	487 801	386 028
Occupation Certificates	17 691	28 896
Town Planning and Servitudes	227 575	511 979
Valuation Services	289	316
Administrative Handling Fees	16 437	38 666
Incidental Cash Surpluses	92	515
	1 310 563	**1 215 142**

20. Service charges

Sale of electricity	75 633 655	69 429 207
Sale of water	28 953 202	26 423 706
Solid waste	10 447 769	9 420 835
Sewerage and sanitation charges	27 290 059	24 984 962
	142 324 685	**130 258 710**

21. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	444 781	282 299

22. Fines, Penalties and Forfeits

Overdue Books Fines	4 632	-
Municipal Traffic Fines	1 605 945	2 882 970
	1 610 577	**2 882 970**

23. Licences and permits

Road and Transport	3 632 434	5 456 743

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24. Lease rentals on operating lease

Equipment		
Contractual amounts	-	194 500
Plant and equipment		
Contractual amounts	443 811	407 808
	443 811	**602 308**

25. Investment revenue

Interest revenue		
Receivables	10 689 901	14 245 337
Interest revenue		
Bank	469 685	685 372
	11 159 586	**14 930 709**

26. Property rates

Rates received		
Property rates	37 442 249	30 314 274
Valuations		
Residential	1 270 955 100	1 273 007 100
Commercial	345 103 500	355 982 500
State	222 368 070	388 367 400
Mining	34 506 000	34 506 000
Vacant Land	51 464 600	46 268 000
Argriculture	2 319 192 000	2 097 076 000
Public Service Properties	299 967 000	138 739 270
Place of worship	37 160 000	37 160 000
Multi purpose properties	2 560 000	2 560 000
	4 583 276 270	**4 373 666 270**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

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27. Government grants & subsidies

Operating grants		
Equitable share	100 018 000	91 860 001
Energy Efficiency and Demand Side Management Grant	-	4 000 000
Expanded Public Works Programme Integrated Grant	1 156 000	1 444 000
Local Government Financial Management Grant	2 850 000	2 800 000
Municipal Disaster Recovery Grant	5 750 000	-
	109 774 000	**100 104 001**
Capital grants		
Municipal Infrastructure Grant	16 753 000	20 943 000
Integrated National Electrification Programme Grant	10 000 000	18 000 000
	26 753 000	**38 943 000**
	136 527 000	**139 047 001**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	30 759 000	46 406 951
Unconditional grants received	100 018 000	91 860 001
	130 777 000	**138 266 952**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy which is funded from the grant.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	3 266 189
Current-year receipts	16 753 000	20 943 000
Conditions met - transferred to revenue	(16 753 000)	(20 943 000)
Other - Transfer to equitable share	-	(3 266 189)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Energy Efficiency and Demand Side Management Grant

Balance unspent at beginning of year	-	30 952
Current-year receipts	-	4 000 000
Conditions met - transferred to revenue	-	(4 000 000)
Other - Transfer to equitable share	-	(30 952)
	-	-

Conditions still to be met - remain liabilities (see note 13).

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Integrated National Electrification Programme Grant

Balance unspent at beginning of year	-	495 860
Current-year receipts	10 000 000	18 000 000
Conditions met - transferred to revenue	(10 000 000)	(18 000 000)
Other - Transfer to equitable share	-	(495 860)

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27. Government grants & subsidies (continued)		
	-	-

Conditions still to be met - remain liabilities (see note 13).

Local Government Financial Management Grant

Current-year receipts	2 850 000	2 800 000
Conditions met - transferred to revenue	(2 850 000)	(2 800 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Expanded Public Works Programme Grants

Current-year receipts	1 156 000	1 444 000
Conditions met - transferred to revenue	(1 155 408)	(1 444 000)
	592	-

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

Municipal Disaster Relief Grant

Balance unspent at beginning of year	5 750 000	-
Current-year receipts	-	5 750 000
Conditions met - transferred to revenue	(5 750 000)	-
	-	**5 750 000**

Conditions still to be met - remain liabilities (see note 13).

28. Public contributions and donations

Public contributions and donations	129 716 617	69 082 942

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29. Employee related costs		
Basic	45 449 033	41 537 131
Bonus	3 386 241	3 071 070
Medical aid - company contributions	6 821 702	6 063 588
UIF	1 128 107	1 076 812
Leave pay provision charge	1 605 564	1 510 178
Pension Contribution	8 974 666	8 232 930
Travel, motor car, accommodation, subsistence and other allowances	408 079	249 680
Overtime payments	10 006 548	8 038 637
Long-service awards	(46 660)	43 748
Acting allowances	1 232 575	747 704
Car allowance	1 694 770	1 444 229
Housing benefits and allowances	446 937	391 176
Standby Allowance	492 504	455 552
Telephone expenditure	53 432	-
	81 653 498	**72 862 435**
Remuneration of municipal manager		
Annual Remuneration	1 077 607	991 088
Travel allowance	31 937	18 342
Backpay	51 727	46 279
Contributions to UIF, Medical and Pension Funds	13 517	-
Acting allowance	-	46 113
Contributions to UIF, Medical and Pension Funds	-	13 007
	1 174 788	**1 114 829**
Remuneration of chief finance officer		
Annual Remuneration	884 772	851 597
Reimb Travel	15 933	-
Contributions to UIF, Medical and Pension Funds	11 489	10 685
Backpay	46 110	4 397
	958 304	**866 679**
Remuneration of Director: Community Services		
Annual Remuneration	73 731	851 597
Reimb Travel	4 036	-
Leave Paid Out	49 653	-
Contributions to UIF, Medical and Pension Funds	1 823	10 521
Tollgate	425	17 418
Backpay	46 110	47 947
Acting allowance	40 347	-
	216 125	**927 483**
Remuneration of Corporate Services Director		
Contributions to UIF, Medical and Pension Funds	-	707
Acting allowance	235 794	279 828
Leave pay	-	52 964
	235 794	**333 499**
Remuneration of Planning and Development Director		

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29. Employee related costs (continued)		
Acting allowance	277 472	120 780
Remuneration of Technical Services Director		
Annual Remuneration	-	79 242
Backpay	834	-
Reimb Travel	61 184	-
Contributions to UIF, Medical and Pension Funds	1 027	983
Acting allowance	111 857	170 684
Tollgate	5 152	6 483
	180 054	**257 392**
30. Remuneration of councillors		
Executive Major	1 032 074	923 784
Chief Whip	776 351	673 417
Mayoral Committee Members	1 638 675	1 397 542
Speaker	831 534	684 789
Councillors	2 714 464	2 068 500
	6 993 098	**5 748 032**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost.

The salaries, allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.

Refer to note 44: Related Parties for the detailed disclosure regarding councillors' remuneration.

31. Depreciation and amortisation		
Property, plant and equipment	28 573 317	28 352 740
Intangible assets	3 560	3 560
	28 576 877	**28 356 300**
32. Impairment loss		
Impairments		
Property, plant and equipment	5 194 802	17 287 939
33. Finance costs		
Trade and other payables	28 359 844	29 085 646
Interest cost(Provision)	7 641 206	7 033 191
	36 001 050	**36 118 837**
34. Debt impairment		
Debt impairment	47 682 227	167 523 317
Bad debts written off	39 016 125	7 784 969
	86 698 352	**175 308 286**

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35. Bulk purchases		
Electricity - Eskom	98 064 910	89 235 478
Water	-	379 497
	98 064 910	**89 614 975**
36. Contracted services		
Outsourced Services		
Burial Services	5 399	167 009
Business and Advisory	8 934 020	8 253 171
Catering Services	114 800	134 900
Hygiene Services	-	3 374 896
Connection/Dis-connection	-	1 628 059
Security Services	12 450 947	11 025 788
Transport Services	19 631 905	10 974 099
Water Takers	22 336	-
Consultants and Professional Services		
Business and Advisory	695 652	929 809
Infrastructure and Planning	13 000	292 000
Laboratory Services	233 471	122 743
Legal Cost	5 147 956	6 981 274
Contractors		
Employee Wellness	-	44 440
Maintenance of Buildings and Facilities	414 105	180 291
Maintenance of Equipment	15 268 012	8 901 574
Maintenance of Unspecified Assets	1 926 047	333 554
Prepaid Electricity Vendors	943 789	885 867
	65 801 439	**54 229 474**
37. General expenses		
Advertising	726 060	1 023 947
Auditors remuneration	5 214 860	8 462 562
Bank charges	1 272 413	632 153
Fines and penalties	1 710 908	-
Insurance	3 033 000	3 132 984
IT expenses	9 333	108 789
Levies	376 764	277 315
Protective clothing	1 138 155	132 050
Subscriptions and membership fees	318 237	1 702 078
Telephone and fax	3 572 397	2 433 236
Travel - local	2 190 979	2 359 158
Title deed search fees	7 821	5 999
Other expenses	6 696 609	3 413 679
	26 267 536	**23 683 950**
38. Fair value adjustments		
Investment property (Fair value model)	195 801	767 849
39. Auditors' remuneration		
Fees	5 214 860	8 462 562

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40. Cash generated from operations		
Surplus (deficit)	18 147 302	(148 505 725)
Adjustments for:		
Depreciation and amortisation	28 576 877	28 356 300
Gain on sale of assets and liabilities	2 662 977	1 757 008
Fair value adjustments	(195 801)	(767 849)
Impairment deficit	5 194 802	17 287 939
Debt impairment	86 698 352	175 308 286
Movements in retirement benefit assets and liabilities	2 115 000	193 000
Movements in provisions	6 641 147	319 114
Acturial gains	(1 743 000)	-
Changes in working capital:		
Inventories	11 866	(37 831)
Receivables from exchange transactions	(119 174 368)	(74 587 530)
Receivables from non-exchange transactions	1 524 048	(15 861 103)
Payables from exchange transactions	121 575 767	137 404 218
VAT	(7 621 394)	(8 297 942)
Unspent conditional grants and receipts	(5 750 000)	1 956 999
Consumer deposits	62 777	139 925
Other liabilities	(4 509 629)	1 001 688
	134 216 723	**115 666 497**

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41. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	183 286 492	183 286 492
Cash and cash equivalents	4 374 631	-	4 374 631
	4 374 631	**183 286 492**	**187 661 123**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	526 052 305	526 052 305
Consumer deposits	3 007 024	3 007 024
	529 059 329	**529 059 329**

2023

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	150 810 476	150 810 476
Cash and cash equivalents	13 367 392	-	13 367 392
	13 367 392	**150 810 476**	**164 177 868**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	402 965 859	402 965 859
Consumer deposits	2 944 247	2 944 247
	405 910 106	**405 910 106**

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42. Commitments

Authorised capital expenditure

Approved and Contracted for		
• Property, plant and equipment	26 853 960	24 483 233
Total capital commitments		
Already contracted for but not provided for	26 853 960	24 483 233

Authorised operational expenditure

Already contracted for but not provided for		
• Expenditure	35 594 187	45 252 000
Total operational commitments		
Already contracted for but not provided for	35 594 187	45 252 000

Total commitments

Total commitments		
Authorised capital expenditure	26 853 960	24 483 233
Authorised operational expenditure	35 594 187	45 252 000
	62 448 147	**69 735 233**

This committed expenditure relates to property and equipment and will be financed by available government grants, existing cash resources, funds internally generated, etc.

43. Other financial liabilities

Long term liabilities

Long term liabilites	-	(4 509 529)

The long term liabilities comprise of a total balance owing to The Auditor General of South Africa.
The municipality entered into a payment arrangement for a period of 36 months.

The total debt outstanding as at 30 June 2023 amounted to R 15 009 529 with total monthly installments of R 500 000 a month and additional quarterly payments of R 1 500 000..

The total short term debt payable as at 30 June 2023 is R 10 500 000 and the total Long term debt payable is R 4 509 529.

44. VAT receivable

VAT Input	144 389 325	-
VAT Output	(136 849 580)	-
	7 539 745	**-**

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45. Contingencies

The table below comprises all the law suits which are deemed to be possible obligations and neither the expense nor the accompanying liability was recognised. Dipaleseng Local Municipality's legal counsel has indicated that the likelihood of the court ruling being in favour of the applicant is very slim albeit not remote.

Case	Applicant	Case number	2024	2023
The above company is suing the Municipality for an alleged breach of contract in the amount of Twenty Five Million and Two Hundred Thousand (R 25 200.000). The matter is filled in the North Gauteng Division of the High Court under Case No 23132/2018. Upon receipt of the summons a notice of intention to defend on the following basis: That the alleged signed agreement is fraudulent and the signature thereof may be forged and that as a consequence of that, the agreement is ipso facto void and thus unenforceable • The fundamental differences on the purported signatures by the former Municipal Manager on the so called conformation of order and the Service Level Agreement. The Applicant approached the court for a Summary Judgement on the 27th of July 2018. They obtained a warrant of Execution in respect of the Municipal account. The Court on urgent basis seeking the upliftment of the attachment on the bank account. The court granted an order in favour of the Municipality. An Application for a rescission of judgement is filed and awaits a set down for hearing from the Registrar of the Court. • Somewhere towards end of August the same company issued fresh summons in the High Court on the basis of breach of contract for an amount of FOUR MILLION AND THREE HUNDRED AND FIFTY THOUSAND. The matter was set down for trial on the 3rd June 2019. The first respondents raised failure to comply with certain directives from the judge. The Judge Municipality approached the the n ordered wasted costs for the day against the Applicant`s Attorneys of Record for not having the explanatory affidavit before the court. In the month of July the Applicant proposed an out of Court settlement which was outright rejected. The Municipality is steadfast that it is not indebted to the Applicant at all hence no settlement agreement would be considered. • The Applicant has proposed a settlement agreement for the payment of the amount of TWO MILLION FIVE HUNDRED AND FIFTY THOUSAND RAND. Furthermore, they demanded an amount of FOUR MILLION SIX HUNDRED AND FIFTY THOUSAND RANDS as disbursement paid by SMART AND SAFER. SOLUTION The Municipality is steadfast that it is not indebted to the Applicant at all hence no settlement agreement would be considered.	Smart and Safer Solutions (PTY) LTD	23132/2018	25 000 200	25000200

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46. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Councillors	Please refer to the general information on page 2
Members of key management	L Cindi - Municipal Manager MH Thokoane - CFO Mr P Makhene - Acting Director Infrastructure S Radebe - Acting Director Corporate G Du Plooy - Acting Director Infrastructure M Mngomezu - Acting Director Corporate and Community Services TH Masoeu - Acting Director Planning & Economic Dev Inga Mloyeni - Acting Director Planning & Economic Dev

Related party balances

Councillors arrears accounts are disclosed in note 54.

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46. Related parties (continued)

Remuneration of management

Management class: Councillors

2024

	Basic salary	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Name				
Cllr KB Moeketsi - Executive Mayor	978 065	44 415	9 594	1 032 074
Cllr XS Shozi : Speaker - Member of Mayoral committee	817 195	6 630	7 709	831 534
Cllr TG Shabalala : Chief Whip - Member of Mayoral committee	762 572	6 630	7 149	776 351
Cllr MG Miya - Mayoral committee member	776 073	4 346	7 152	787 571
Cllr AN Carrim - Mayoral committee member	798 987	44 418	7 700	851 105
	4 132 892	**106 439**	**39 304**	**4 278 635**

2023

	Basic salary	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Name				
Cllr KB Moeketsi - Executive Mayor	850 803	40 800	8 300	899 903
Cllr XS Shozi : Speaker -Member of Mayoral Committee	675 484	3 012	6 293	684 789
Cllr TG Shabalala : Chief Whip - Member of Mayoral Committee	639 295	3 012	31 110	673 417
Cllr MG Miya - Mayoral committee member	639 295	728	37 463	677 486
Cllr AN Carrim - Mayoral committee member	639 295	40 800	39 961	720 056
	3 444 172	**88 352**	**123 127**	**3 655 651**

The Mayoral committee remuneration above of R 4 569 983, R 3 655 651 (2023) has been included in the remuneration of councillors below.

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46. Related parties (continued)

Management class: Councillors

2024

Name	Basic salary	Cellphone allowance	Post-employment benefits	Total
Mayoral committee members	4 132 892	106 439	39 304	4 278 635
Cllr CDV Pienaar	377 942	44 418	4 003	426 363
Cllr LK Dhladhla	328 575	44 418	3 520	376 513
Cllr MD Makhoba	437 091	14 158	4 111	455 360
Cllr AS Nhlapo	328 575	44 418	3 520	376 513
Cllr RA Motakane	328 571	44 418	3 520	376 509
Cllr ZE Maya	328 575	15 226	3 228	347 029
Cllr Z Radebe	328 575	24 282	3 319	356 176
	6 590 796	**337 777**	**64 525**	**6 993 098**

2023

Name	Basic salary	Car Allowance	Cellphone allowance	Pension, Medical Aid, SDL & Other benefits	Total
Mayoral committee members	3 444 172	-	88 352	123 127	3 655 651
Cllr AK Nyamade	141 242	40 281	1 723	1 654	184 900
Cllr CDV Pienaar	267 208	-	40 800	5 161	313 169
Cllr LK Dhladhla	267 208	-	40 800	2 885	310 893
Cllr MD Makhoba	298 227	-	4 120	20 740	323 087
Cllr AS Nhlapo	267 208	-	40 800	2 885	310 893
Cllr RA Motakane	267 203	-	40 800	2 885	310 888
Cllr ZE Maya	264 220	-	-	2 448	266 668
Cllr Z Radebe	61 003	-	10 200	680	71 883

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46. Related parties (continued)	**5 277 691**	**40 281**	**267 595**	**162 465**	**5 748 032**

47. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and Cash Equivalents	4 374 631	13 367 392
Receivables from exchange transactions	183 286 492	150 810 476

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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48. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Receivables from non-exchange transactions	11	51 760 542	(6 387 632)	45 372 910
Receivables from exchange transactions	10	151 229 691	(419 215)	150 810 476
Property, Plant & Equipment	4	977 089 906	(25 534 998)	951 554 908
Payables from exchange transactions	15	(412 915 578)	(6 442 338)	(419 357 916)
VAT payable	16	(354 230)	272 581	(81 649)
Accummulated surplus		(792 007 274)	33 095 888	(758 911 386)
		(25 196 943)	**(5 415 714)**	**(30 612 657)**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	20	130 661 284	(402 574)	-	130 258 710
Property rates	26	31 293 787	(979 513)	-	30 314 274
Interest received - receivables from exchange transactions	25	45 033 500	(15 352)	(30 772 811)	14 245 337
Interest-Taxation Revenue		-	-	30 772 811	30 772 811
Public contributions and donations		68 867 742	215 200	-	69 082 942
Fines, penalties and forfeits		2 680 250	202 720	-	2 882 970
Depreciation and amortisation	31	(26 910 193)	(1 446 107)	-	(28 356 300)
Bulk purchases	35	(89 235 478)	(379 497)	-	(89 614 975)
Contracted services	36	(52 434 134)	(1 795 340)	-	(54 229 474)
General expenses	37	(22 868 699)	(815 251)	-	(23 683 950)
Surplus for the year		**87 088 059**	**(5 415 714)**	**-**	**81 672 345**

Errors

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Figures in Rand	2024	2023

48. Prior-year adjustments (continued)

The following prior period errors adjustments occurred:

Error one: Receivables from non-exchange transaction

The prior period error for Receivables from non-exchange transactions arose as a result of error on own-billing as well as correction of owner occupier accounts which took into consideration own-billing and correction of owner occupier accounts in 2023 and prior to 2023.

Error two: Receivables from exchange transactions

The prior period error for Receivables from exchange transactions arose as a result of error on own-billing as well as correction of owner occupier accounts which took into consideration own-billing and correction of owner occupier accounts in 2023 and prior to 2023.

Error three: Property, Plant & Equipment:

Following a comprehensive review of the WIP register, it was identified that some payments were incorrectly classified between capital and operational (maintenance) expenditure. In addition, this lead to some components being impacted.The result of this saw an increase in PPE cost as well as accumulated depreciation.

Furthermore, the reason for the prior period error was due to assets which were ommitted in error in the fixed asset register.These assets needed to be recognised correctly in the financial statement as well retrospectively.

Management also corrected completed projects which were sitting in WIP. The error was corrected by way of accelariting depreciation as well as impairment for the 2023 financial year and beyond 2023.

Through investigation of Work in progress projects, management idenfitied project spending which was included in error within the fixed asset register as these projects were being administered by the Gert Sibande District Municipality.

Work in progress was corrected in the following manner:

Previously reported Work in Progress: R 212 945 285
Correction of error: : R 42 854 085
Restated 2023 Work in progress : R 170 091 200

Error four: Payables from exchange transactions
The prior period error on accruals is due to an understatement of prior years balance relating to invoices dated before 1st July 2023 which had not been included in the balance.

Error five: Value added tax

The VAT prior period error is due to own billing charges which formed part of the gross outstanding balances from the own billed accounts which had to be reversed.

There were also prior year error corrections on payables (invoices which relate to 2023 financial year but were however errorously captured in the 2024 financial year). This resulted in a change in VAT input.

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48. Prior-year adjustments (continued)

Error six: Service charges

The service charge prior period error is due to an error relating to own-billing on municipal owned property.The accounts which were incorrectly billed were adjusted to correct the overstated revenue.

Error seven: Property rates

The property rates prior period error is due to the error of including own-billing amounts in revenue in the previous fiancial year. This is an error which was identified and discussed by management and thus the decision to exclude own-billing amount on revenue

Error eight: Interest received.

The interest received prior period error is due to an error relating to own-billing on municipal owned property.The accounts which were incorrectly billed were adjusted to correct the overstated revenue also it was noted that interest on receivables was fully disclosed as interest from exchange transaction and not split betweeen interest charged on revenue from exchange transactions eg (Service charges) and interest charged from non-exhange evenue eg (Property rates).

Error nine:Public donations and contributions

The change in donations was due to assets which were donated in the 2023 financial year and were errorously omitted from the fixed asset register due to lack of information at that time.

Error ten: Depreciation and amortisation

Following a comprehensive review of the WIP register, it was identified that some payments were incorrectly classified between capital and operational (maintenance) expenditure. In addition, this lead to some components being impacted.The result of this saw an increase in PPE cost as well as accumulated depreciation .

Error eleven: Bulk Purchases

The differences relate to payables understatement which was as a result of invoices which were recorded in the 2024 financial year but however relate to the 2023 financial year.

Error twelve: Contracted services

The differences relate to asset acquistions being included in error as maintenance expenditure..

Error thirteen: General expenses:

The differences relate to incorrect classification of finance costs as general expenditure.

Error Fourteen: Water Invetory:

The reclassification arose due to incorrect classification idenitified in the current financial year. The municipality correctly reclassified bulk water purchases to inventory consumed and applied to correction retrospectively.

Error Fifteen: Traffic Fines:

The increase in traffic fines was due to a correction in unrecorded traffic fines in the 2023 financial year.

Error Sixteen: Contingent Liabilities

The change in contingent liabilities disclosure is due to an incorrect inclusion of summons of debt owed to the Department of Water and Sanitation. The incorrect contignent liability is a payable in nature and has been adequately reported in the accounting records of the municipality as such. The disclosure of prior year DWS contingency of R 19 668 311 which did not impact the balance of prior year has been removed from the contingency register and annual financial statements reporting.

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49. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had surplus (deficit) of R 18 147 302 and that the municipality's total assets exceed its liabilities by R 628 552 963.

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

The municipality is substantially dependent on the government for continued funding of operations. Dipaleseng Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations

The municipality has reviewed the cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, the municipality is satisfied that it has access to adequate resources to continue in operational existence for the foreseeable future.

We draw attention to the fact that at 30 June 2024, the municipality's current liabilities exceed its current assets by R 309 585 161.

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50. Events after the reporting date

Subsequent to the reporting date and before the issuing of the financial statements and conclusion of the audit of the annual financial statements, the following events occurred.

Non-Adjusting event

On the 8th of July 2024, The High Court of South Africa issued a judgement which involved Afriforum and NERSA (National Energy Regulator of South Africa). The case was based on the fact that the electricty tarrif increases for the 2024/2025 financial year were unconstitutional as the increases required a cost of supply study in order to justify the increase for municipalities.

In the province of Mpumalanga there were 33 municipalities which were affected by the court ruling,Dipaleseng local municipality was one of them. Prior to being knowledgable about the court case ruling, the municipality, through the initial approval by the National Energy Regulator of South Africa, increased the electricity tariff by 10.35%.
The municipality is in the process of rectifying the billing impacted by the tarrif increase and will ensure accurate and correct billing prospectively. Therefore, there will not be any adverse financial implications to customers.

Adjusting Events

Dipaleseng Local Municipality has been charged with contravention of environmental laws.

The Magistrate court imposed a penalty of R 600 000 (Six Hundred Thousand Rands) which is to be paid to the Department of Water and Sanitation and The Department of Agriculture, Rural Development, Land and Environmental Affairs for the purposes of capacity buidling and equipment for environmental management investigation inspectors as per each Department's specifications.

The court has also ruled that the municipality is ordered to compensate a local farmer a total sum of R400 000 (Four Hundred Thousand Rands) for damages of her live stock within 120 days from the court ruling.

The penalties imposed of R 600 000 and R 400 000 respectively have necessitated the municipality to adjusted its annual financial statements to reflect the liability as at 30 June 2024. The adjustment includes:

An increase in trade payables of R 1000 000 (R600 000 and R 400 000)

A corresponding expense recognised in the Statement of Financial Performance under fines and penalties within general expenses.

51. Unauthorised expenditure

Opening balance as previously reported	559 450 949	299 420 909
Add: Unauthorised expenditure - current	240 522 181	260 030 040
Less: Amount recovered - current	(170 443 720)	-
Closing balance	**629 529 410**	**559 450 949**

Unauthorised expenditure incurred relates to overspending due to the costing allocation amongst the departments.

52. Fruitless and wasteful expenditure

Opening balance as previously reported	46 740 712	39 958 544
Add: Fruitless and wasteful expenditure identified - current	29 923 868	29 086 179
Less: Council write-offs (relating to 2019, 2020)	(17 654 534)	-
Less: Council write-offs (relating to 2023)	(29 086 179)	-
Less: Council write-offs (relating to 2024)	(20 246 354)	(22 304 011)
Closing balance	**9 677 513**	**46 740 712**

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52. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure incurred relates to interest on late payment to suppliers due to cashflow which the municipality is facing and attempting to curb.

53. Irregular expenditure

Opening balance as previously reported	358 092 047	239 983 947
Correction of prior period error - understated	2 944 323	9 363 446
Correction of prior period error - overstated	(29 778 042)	-
Add: Irregular expenditure - current	22 818 310	108 744 654
Less: Amount written offs approved by Council	(114 725 526)	-
Closing balance	**239 351 112**	**358 092 047**

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	-	822 024
Amount paid - current year	-	(822 024)
	-	**-**

Other material losses

Distribution loss- electricity	34 732 737	25 180 938
Distribution loss- Water	52 236 925	52 324 831
	86 969 662	**77 505 769**

Electricity losses

Electricity distribution losses for the current year of R 34 732 737 (2023: R25 180 938) was incurred, which represents 35.05% (2023: 28.22%). These electricity distribution losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network and non-technical losses being theft, faults etc. Attempts are currently being made to reduce these non-technical losses

Water losses

Water losses comprises of water lost during the distribution process. These losses are made up of unauthorised connections (theft), unauthorised consumption, plus all technical and administrative inaccuracies associated with customer metering and billing as well as infrastructure which has either aged or has an overdue maintenance.The water losses amount to R 52 236 925 (2023: R52 324 831) which represents 72% (2023: 76%)

Audit fees

Opening balance	15 009 529	13 584 860
Current year subscription / fee	10 586 744	10 646 434
Amount paid - current year	(11 262 819)	(9 221 765)
	14 333 454	**15 009 529**

PAYE and UIF

Opening balance	987 537	909 538
Current year subscription / fee	13 083 689	12 060 685
Amount paid - current year	(12 910 919)	(11 982 686)
	1 160 307	**987 537**

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Opening balance	1 669 896	971 492
Current year subscription / fee	21 730 702	11 867 515
Amount paid - current year	(21 531 289)	(11 169 111)
	1 869 309	**1 669 896**

The amount represents pension and medical aid contributions deducted from employees.

VAT

VAT receivable	144 389 325	112 784 101
VAT payable	(136 849 580)	(112 865 750)
	7 539 745	**(81 649)**

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Khethiwe Moeketsi	2 447	39 971	42 418
Cllr Mojalefa Miya	1 281	64 107	65 388
Cllr Z Radebe	1 321	4 292	5 613
Cllr Muzikayise Makhoba	1 978	100 522	102 500
	7 027	**208 892**	**215 919**

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Khethiwe Moeketsi	3 451	34 117	37 568
Cllr Mojalefa Miya	1 782	56 072	57 854
Cllr Kent Nyamade	4 042	177 339	181 381
Cllr Muzikayise Makhoba	864	8 411	9 275
Cllr Z Radebe	2 753	88 113	90 866
	12 892	**364 052**	**376 944**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2024	Highest outstanding amount	Aging (in days)
Cllr Muzikayise Makhoba	102 500	-

30 June 2023	Highest outstanding amount	Aging (in days)
Cllr Kent Nyamade	181 381	-

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Emergency	19 722 446	22 841 205

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)
Details of the current year supply chain deviations

Supplier	Description	Amount
El roi and projects pty ltd	Fixing of cat tlb kbb 077mp	89 965
Auto City	Remove and replace Gear Cables for DRW 249MP	4 354
Increcorp	Fixing of Nissan UD 80 Water Truck Porp Shaft centre bearing Universal Joint plus Installing 10 x Tyre 12R 22.5	23 920
BHNG	Supply and delivery of water materilas	448 781
Tlotlo Lebone Trading Enterprise	Hiring of a heavy duty vacuum sewer truck capable of reacheng the depth of 5-20 meter for 31 days	439 100
Increcorp	Fixing of Nissan UD Truck ,Electrical failures Replacement of right hand side mirror broken .Fuso FFX 099 MP Mechanical fault breaking system and handbrake system not functional	107 813
Lamla Engineering	Hiring of 3 x Portable water tanks	891 779
Zamaswazi Vehicle Centre	Fixing of DRW 263MP	14 406
Phakama Industrial	Hiring of a ash Truck	298 253
Phakama Industrial	Hiring of Water Truck	208 035
Tlotlo Lebone Trading Enterprise	Hiring of a Heavy Duty Vacuum Truck	270 000
Modabee Projects Pty Ltd	Hiring of Waste Truck	22 200
Zamaswazi Vehicle Centre	Fixing of Nissan Bakkie DYP 044MP	31 356
Sbushi Semaswati Trading	Hiring of a Water Truck	205 160
Increcorp	Fixing of Volvo Grader coolant Bottle need replacement and 2 x Side Driver need Windscreen	82 745
Shariffs Balfour t/a Balfour Super quick	Vehicle Repairs	43 667
El roi and projects pty ltd	Repairing of Volvo FDL 460MP	176 345
Dj motors fuel and services	Fixing of Nissan Ash Truck KTF 725 MP	42 263
Zamaswazi Vehicle Centre	Fixing of Bakkie DPY 053MP	21 515
Shariffs Balfour t/a Balfour Super quick	Repairs for various municipal Vehicles	34 983

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

D j Motors Fuel services	Fixing of np300 JDR 014 MP	1 055
Mpophoma Construction	Hiring of a cherry picker for 5 months	552 000
Dj motors fuel and services	Fixing of Water Truck DYP 887 MP	37 940
Dj motors fuel and services	Fixing of 1 x front right leafspring centre bolt broken; 4 x u bolt 4 x u bolts and 4 x lock washer	32 224
Shariffs Balfour t/a Balfour Super quick	Service ,wheel alignment ,front brake pad, Adjust hand brake,Head Lamp not working ,hooter not working and replacement of windscreen,Service ,wheel alignment ,front brake pad, Adjust hand brake,Head Lamp not working ,hooter not working and replacement of windscreen	216 965
Lamla Engineering Pty Ltd	Hiring of portable water tanks for 190 hours	180 550
Shariffs Balfour t/a Balfour Super quick	Hiring of speakers car	784 764
Thabiso Dibuseng	Hiring of a Portable Water Tank	47 995
Tlotlo Lebone Trading Enterprise	Hiring of heavy duty Vaccum sewer truck	340 200
Increcorp	Fixing of Nissan Water DYP 887 MP	101 200
Tlotlo and Lebone Trading	Hiring Of Vacuum Truck	386 260
Auto City	Fixing of NP 300 JDR 914 MP	4 954
M3L Trading	Supply and delivery of water materilas	61 634
Increcorp	Fixing of FFX 099 MP	155 538
Workshop Electronics	Calibration of grade a vehicle testing station	17 196
Lamla Engineering Pty Ltd	Hiring o Portable Water Tankers x 4	1 174 334
Shariffs Balfour t/a Balfour Super quick	Repairs for various municipal Vehicles	53 264
Hv Test Academy Pty Ltd	Training for Electrical Team	49 384
Zamaswazi Vehicle Centre	Fixing of FFV TOYOTA Corolla	36 447
Auto City	Fixing of Nissan Tiida (DRW 249 Mp)	18 633
Mpophoma Construction	Hiring of a cherry picker for 5 months	529 000
Mpophoma Construction	Hiring of Tipper Truck for 5 months	448 750
Tlotlo Lebone Trading Enterprise	Hiring of heavy duty Vaccum sewer truck	456 500
Moleli Construction	Events and catering service	41 860
M3L Trading	Supply and delivery of water materilas	97 952

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Litotech	Supply and delivery of 500 Sec 56 Law Enforcement books	93 783
Lamla Engineering	Hiring of Portable water tankers	306 100
Dj Motors Fuel and services	Fixing of Nissan Ud Truck 290 KFT 725 MP	26 778
Truvelo Manufactures	Calibration of grade a vehicle testing station	5 750
El roi and projects pty ltd	Fixing of FBC 908MP	157 211
Zamaswazi Vehicle centre	Repairing of Nissan UD 80 Ash Truck (FFX 099 MP)	17 130
Truck and Earthing moving	4 x tyres ,2 x air cleaner , 1 x right cylinder seal leaking ,2 x fan belt need replacement	28 050
Shariffs Balfour t/a Balfour Super quick	Hiring of water truck 16000L	529 920
Truck and Earthing moving	1 x hydraulic pipe replacement leaking oil and 2 x clamps	142 800
Increcorp	Repairing Replacement diesel tank	79 112
Increcorp	1x front right leafspring need replacement and U bolt ,Service all filters hydraulic filter ,front shocks and front brake pads	100 973
Bidvest Mccarty Isuzu	Repairing and adjust breaking system and sercive	69 993
Shariffs Balfour t/a Balfour Super quick	Supply and installation of thyre wheel balancing and wheel alignment ;battrey ,rim locking ,tyre fill and valve;Water truck repair tyres ,tyre repair bakkie,tyre repair isuzu;	108 471
Shariffs Balfour t/a Balfour Super quick	Hiring of 2 water truck for 30 days in january	529 920
Tlotlo Lebone Trading Enterprise	Hiring of Honey Vacuum Truck	421 200
Lamla Enginnering	Hiring of a portable water tank for 15 days	762 105
Zamaswazi Vehicle Centre	Fixing of DPY 053MP Bakkie ,replacement of carrier bearing ,replacement of U Joints ,diesel filter and sundries	10 700
Increcorp	Fixing of mercedes tipper truck	149 500
Lamla Engineering	Hiring of 3 x Portable water tanks	654 465
Lamla Engineering	Hiring of Portable water tankers	704 145
Shariffs Balfour t/a Balfour Super quick	Replacement and installation of tryres	138 529
Vpg Enterprise	Hiring of Waste Truck	243 000

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Shariffs Balfour t/a Balfour Super quick	Hiring of a Tlb abd Roller Machine for a periof of thirty days	310 500
M3L Trading	Supply and delivery of 10 302-318 coupling long barrel	41 090
Fix Xem Panel Beaters	Transport Repai , Install generator at siyathemba resevoir	456 018
Lamla Engineering	Hiring of a vacuum truck for thirty days	81 000
Lamla Engineering	Hiring og portable water tankers	226 435
Gert Sibande College	Training of Electrical Trade test APRL for Electricians	96 000
Hv Test Academy Pty Ltd	Training of Electrical Trade test APRL for Electricians	121 544
Avenya Pty Ltd	Fixing of TLB Volvo FDJ 460MP	63 447
Auto City Group	Fixing of accelerate and diagnostic machine for trauble code	38 117
Truck and earthing moving	Replace selector solonoid and electronic fuel pump check operations	46 700
Mpumalanga Traffic Training	Training for examiner of motor vehicle	34 860
Isuzu motors SA	Service and fixing of isuzu fyc 256mp aircorn adjust handbreak	137 762
Glapatham Lesedi Services	Fault Wiring and repairing of cat TLB	56 680
Sinhla Construction	Supply and delivery of 100 tons of agregate 50 tons Crusher Dust ,200 litres parrafin	214 301
Shariffs Balfour t/a Balfour Super quick	Hiring of excavator for 30 days	230 140
Bidvest Mccathy Isuzu	Servicing of of KTF725MP TRUCK	178 805
Auto city	Servicing of Bakkie np 300 JDR 914 MP ,Check brakes ,handbrake and lights	4 888
Truck and earthing moving	Fixing of DYP 887 MP	118 300
Auto Ren Toyota	Fixing of FFV TOYOTA Corolla	38 640
Brothers and sister Auto electrician	centre bearing noisy , 3 U universal joint	55 950
M3L Trading	4 Cascade clamps CRI-1220-12	14 847
Lamla Engineering	Hiring of Portable water tankers	119 313
Malaka Supplies	Supply and delivery of water materilas	38 616
Shariffs Balfour t/a Balfour Super quick	Hiring of a water truck	529 920

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)			
Brothers and sisters auto ekectrical	Fixing of DPY 044MP 3 x universal joints ,centre bearing windscreen 4 tyres and wheel alighment		43 000
Zamaswazi Vehicle Centre	Fixing of nissan bakkie DJJ 114 MP		36 543
Truck and earthing moving	Major service , engile oil ,gearbox oil,fuel filter ,oil filter aircorn filter differential diff oil		65 500
Shariffs Balfour t/a Balfour Super quick	Hiring of18000 Litre Heavy duty sewer truck capable of sucking and jetting for a period of 1 month		504 965
Lamla Engineering	Hiring of a portable water tanker		505 425
Lamla Engineering	Hiring of a portable water tanker		119 313
Malaka Supplies	Supply and delivery of water materials		83 909
Toyota South Africa	Repairing of FFV		38 640
Isuzu motors SA	Servicing of ISUZU KB 746 MP ;Clutch plate ,pressure plate globe ,release bearing and skim flywheel		23 209
Libembe Projects & supplies	Supply ,Delivery of iron forge ,extension cord reel,Vertical water storage tank jojo tank capacity 5250 litres colour greening and hiring of Generators		108 900
M3L Trading	Supply and delivery of water materilas		183 100
Maktech Enterprise	Supply and delivery of Laptop		40 200
Zamasawzi Vehicle centre and projects	Repairing of Nissan Bakkie DJJ 114MP		36 543
D j Motors Fuel services	Repairing of FFX water truck		106 867
Cascade Manufactures & Dist	Supply and delivery of water materilas		9 585
			19 722 446

55. Segment information

General information

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55. Segment information (continued)

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.
Activities relating to Finance and Administration, Executive and Council and Planning and Development fall under unallocated.

The four key business units comprise of:

- Community which includes cemetries, community halls & parks and libraries.
- Public safety which includes licensing and control of animals, police forces, traffic and street parking control.
- Trading services which includes energy sources, water management, waste water management and waste management services;
- Roads which includes roads services.

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55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Trading services	Community	Public safety	Roads	Unallocated	Total
Revenue						
Revenue from exchange transactions	(154 068 305)	(238 552)	(4 447 519)	-	(35 730 013)	(194 484 389)
Revenue from non-exchange transactions	(1 156 000)	(4 632)	(31 208 945)	-	(272 925 765)	(305 295 342)
Total segment revenue	**(155 224 305)**	**(243 184)**	**(35 656 464)**	**-**	**(308 655 778)**	**(499 779 731)**
Entity's revenue						**(499 779 731)**
Expenditure						
Employee related costs	20 366 478	7 930 655	6 036 874	3 035 394	47 326 637	84 696 038
Remuneration for councillors	-	-	-	-	6 993 098	6 993 098
Depreciation and Amortisation	21 088 273	2 393 207	-	3 431 220	1 664 175	28 576 875
Impairment	981 617	-	-	-	4 213 190	5 194 807
Finance costs	7 641 206	-	-	-	28 359 845	36 001 051
Lease rentals on operating lease	-	-	-	-	443 810	443 810
Debt impairment	1 871 987	-	-	-	84 826 365	86 698 352
Bulk purchases	98 064 910	-	-	-	-	98 064 910
Contracted services	26 620 371	13 529 592	9 929	-	25 641 544	65 801 436
Loss on disposal of asset	1 783 101	795 121	-	31 631	53 123	2 662 976
Inventory consumed	38 812 711	655 359	-	440 808	322 664	40 231 542
General expenses	(1 313)	85 156	332 231	-	25 852 561	26 268 635
Total segment expenditure	**217 229 341**	**25 389 090**	**6 379 034**	**6 939 053**	**225 697 012**	**481 633 530**
Total segmental surplus/(deficit)						**(981 413 261)**

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	Trading services	Community	Public safety	Roads	Unallocated	Total
55. Segment information (continued)						
Assets						
Cash and Cash equivalents	(28 956 870)	(93 978 620)	109 869 160	(83 987 917)	101 428 880	4 374 633
Inventories	196 611	-	-	-	(35 051)	161 560
Receivables from exchange transactions	55 948 606	-	-	-	127 337 885	183 286 491
Receivables from non-exchange transactions	8 388 920	-	9 464 900	-	25 995 042	43 848 862
Vat Receivables	71 525 992	11 224 933	(32 647 008)	11 006 428	(53 570 599)	7 539 746
Investment Property	-	-	-	-	39 356 091	39 356 091
Property, Plant and Equipment	611 465 217	(24 917 735)	-	(50 958 569)	522 744 480	1 058 333 393
Intangible assets	-	-	-	-	88 868	88 868
Total segment assets	**718 568 476**	**(107 671 422)**	**86 687 052**	**(123 940 058)**	**763 345 596**	**1 336 989 644**
Total assets as per Statement of financial Position						**1 336 989 644**
Liabilities						
Consumer deposits	50 071	-	-	-	(3 057 095)	(3 007 024)
Payables from exchange transactions	(301 367 585)	(29 138 495)	(54 113 200)	(26 698 746)	(129 615 657)	(540 933 683)
Provisions	(62 194 617)	-	-	-	(86 536 363)	(148 730 980)
Employee benefit obligation	-	-	-	-	(15 765 000)	(15 765 000)
Total segment liabilities	**(363 512 131)**	**(29 138 495)**	**(54 113 200)**	**(26 698 746)**	**(234 974 115)**	**(708 436 687)**
Total liabilities as per Statement of financial Position						**(708 436 687)**

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55. Segment information (continued)

2023

	Trading services	Community	Public safety	Roads	Unallocated	Total
Revenue						
Revenue from exchange transactions	131 519 743	134 921	6 485 545	-	16 387 243	154 527 452
Revenue from non-exchange transactions	88 259 375	-	2 680 249	-	181 160 373	272 099 997
Total segment revenue	**219 779 118**	**134 921**	**9 165 794**	**-**	**197 547 616**	**426 627 449**
Entity's revenue						**426 627 449**
Expenditure						
Employee related costs	19 186 889	8 281 769	5 547 099	2 895 325	40 572 015	76 483 097
Remuneration of councillors	-	-	-	-	5 748 031	5 748 031
Depreciation and Amortisation	21 606 859	2 505 208	-	2 957 451	1 286 781	28 356 299
Impairment	3 124 396	-	-	-	14 163 542	17 287 938
Finance costs	7 033 191	-	-	-	29 085 645	36 118 836
Lease rentals on operating lease	194 500	-	-	-	407 808	602 308
Debt impairment	-	-	-	-	175 308 285	175 308 285
Bulk Purchases	89 614 974	-	-	-	-	89 614 974
Contracted services	18 106 141	12 418 162	-	187 181	23 517 988	54 229 472
Loss on disposal of assets and liabilities	1 111 366	645 642	-	-	-	1 757 008
Inventory consumed	64 073 968	496 258	-	1 111 333	261 410	65 942 969
General expenses	(4 270 440)	110 676	293 760	58 430	27 491 524	23 683 950
Total segment expenditure	**219 781 844**	**24 457 715**	**5 840 859**	**7 209 720**	**317 843 029**	**575 133 167**
Total segmental surplus/(deficit)						**(148 505 718)**

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	Trading services	Community	Public safety	Roads	Unallocated	Total
55. Segment information (continued)						
Assets						
Cash and Cash equivalents	(35 469 728)	(78 897 186)	90 082 210	(68 642 947)	106 295 042	13 367 391
Receivables from exchange transactions	32 073 706	-	-	-	118 736 768	150 810 474
Receivables from non-exchange transactions	8 388 920	-	7 996 110	-	28 987 880	45 372 910
Inventories	208 477	-	-	-	(35 051)	173 426
Investment property	-	-	-	-	39 160 289	39 160 289
Property, plant and equipment	506 013 688	(26 139 519)	-	(66 967 608)	538 648 351	951 554 912
Intangible assets	-	-	-	-	92 428	92 428
Total segment assets	**511 215 063**	**(105 036 705)**	**98 078 320**	**(135 610 555)**	**831 885 707**	**1 200 531 830**
Total assets as per Statement of financial Position						**1 200 531 830**
Liabilities						
Payables from exchange transactions	(229 751 944)	(20 344 531)	(35 960 813)	(22 353 933)	(110 946 695)	(419 357 916)
VAT Payable	6 729 102	9 574 713	(26 423 143)	8 964 326	1 073 350	(81 652)
Consumer deposits	45 991	-	-	-	(2 990 237)	(2 944 246)
Unspent conditional grants and receipts	60 975 350	(66 725 350)	-	-	-	(5 750 000)
Provisions	(63 194 676)	-	-	-	(78 895 157)	(142 089 833)
Employee benefit obligation	-	-	-	-	(15 393 000)	(15 393 000)
Other financial liabilities	-	-	-	-	(4 509 529)	(4 509 529)
Total segment liabilities	**(225 196 177)**	**(77 495 168)**	**(62 383 956)**	**(13 389 607)**	**(211 661 268)**	**(590 126 176)**
Total liabilities as per Statement of financial Position						**(590 126 176)**

56. Budget differences

Material differences between budget and actual amounts

In terms of MFMA section 31 and Virement Policy of the municipality, the municipality can shift funds within budget parameters.The changes between Schedule B (Final Approved Budget) and Final Budget were due to reallocation within budget parameters.

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56. Budget differences (continued)

In this disclosure, materiality has been assumed to be all the variance which are 10% or more. Below are explanation of differences identified:

Differences between budget and actual amounts basis of preparation and presentation

Employee related costs

The over performance was due to the excessive overtime which was worked. The overtime has been referred to MPAC for investigation.

Finance charges

Over performances is due to interest charged on the bulk purchases.r

Depreciation

Due to the collection trends, The Municipality anticipated a low collection rate during the budget process..

Inventory consumed & bulk purchases

The over performance on inventory consumed and bulk purchases is due an increase in water chemical purchases for improved water quality.

Other expenditure

The over performance on other expenditure is as a result of increased and more realistic impairment estimations which were informed by payment analysis.

Balance sheet

Current Assets

The under performance is due to impairment as well as write offs of debtors. The Municipality also ended the period under review with a lower cash balance anticipated.

Non-Current Assets

The increase in non-current assets is attributed to the increase in the fair value valuation in the current year. There were also capital infrastructure which was donated/transferred to the municipality.

Current liabilities
The variance within current liabilities is due to cash flow constraints which the municipality experienced in the current year which led to delayed payment to suppliers and an increased debt book at reporting date.

Changes from the approved budget to the final budget

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56. Budget differences (continued)

Employee related cost

The decrease in employee related costs were due to vacancies which had not been filled.

Debt Impairment

During the financial year under review, the municpality made use of debt collection services on outstanding debtors. There was an anticipation of a higher collection rate. This led to a decrease in the estimated impairment of debtors.

Finance charges

The increase in finance cost was due to cash flow constraints. Through trend analysis within the first six months of the financial year, the municipality had been charged with interest on late payments. This prompted the increase in finance costs.

Bulk Purchases and inventory consumed

The increase in bulk purchases was informed through the analysis of expenditure during the first six months of the financial year. The municipality experienced a spike in cable theft. The frequency of purchases of water chemicals led to an increase in inventory consumed.

57. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

The municipality has a payable to the Department of Community Safety, Security and Liaison.

The expected timing of remittance of resources from the prinicpal is on a monthly basis

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is (2024: R3 632 434) (2023: R5 456 743).

Dipaleseng Local Municipality entered into transaction with the Department of Community Safety, Security and Liaison through the Licencing operations which run through the financial year where the Municipality earns a commission of 20% and payment over 80% to the Department.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Ontec Systems (Pty) Ltd sells prepaid electricity on behalf of the Municipality.

The municipality has no receivable from Ontec Pty (Ltd) for vending of prepaid electricity.

The expected timing of remittance of resources by the agent to the Municipality is on a monthly basis.

Ontec Systems (Pty) Ltd will use its own equipment and software to management the vending of prepaid electricity. The system will ensure a 24-hour platform for prepaid electricity purchase 7 days a week of the month which enhances revenue to the Municipality.

Significant changes

There were no significant changes in the terms and conditions of the agreement between the Municipality and Ontec (Pty) Ltd during the year.

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57. Accounting by principals and agents (continued)

Fee paid

Fee paid as compensation to the agent	943 461	739 702

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Either party may terminate the contract if the other party fails to cure any material breach of the contract within 30 days of written notice.

Unless the agreement is terminated on account of a breach by the Municipality Ontec shall use commercially reasonable efforts to transition to a new service provider.

58. Change in estimate

Property, plant and equipment

In terms of the requirements of GRAP 17 the useful lives of all asset items were reviewed by management at year end. The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate. The effect of this revision is and decrease in the depreciation charges for the current period of 2024:R866 653,00.

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AUDIT REPORT

Report of the auditor-general to the Mpumalanga Provincial Legislature and the municipal council on the Dipaleseng Local Municipality

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Dipaleseng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information 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 of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Dipaleseng Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the applicable Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Divisions of Revenue Act 5 of 2023 (DORA).

BASIS FOR QUALIFIED OPINION

IRREGULAR EXPENDITURE

3. The municipality did not fully record irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was because expenditure incurred in contravention of the supply chain management (SCM) legislation was not detected and appropriately disclosed in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R 239,35 million in note 53 to the financial statements as it was impracticable to do so.

CONTEXT FOR OPINION

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

5. I am independent of the Dipaleseng Local 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.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 48 to the financial statement, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

MATERIAL LOSSES - ELECTRICITY

9. As disclosed in note 54 to the financial statements, material electricity losses of R 34,73 million (2022-23: R25,18 million) were incurred, which represented 35.05% (2022-23: 28.22%) of total electricity purchased.

MATERIAL LOSSES – WATER

10. As disclosed in note 54 to the financial statements, material water losses of R52,24 million (2022-23: R52,32 million) were incurred, which represented 72% (2022-23: 76%) of total water purchased.

MATERIAL IMPAIRMENTS - RECEIVABLES FROM EXCHANGE TRANSACTIONS

11. As disclosed in note 10 to the financial statements, material impairment of R513,66 million (2022-23: R477,57 million) was incurred as a result of the municipality not being able to recover monies owed by consumers, the debt was impaired.

MATERIAL IMPAIRMENTS - RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

12. As disclosed in note 11 to the financial statements, material impairment of R93,59 million (2022-23: R82,00 million) was incurred as a result of the municipality not being able to recover monies owed by consumers, the debt was impaired.

OTHER MATTERS

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

UNAUDITED DISCLOSURE NOTES

14. 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

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

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

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

17. 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.

18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 18, forms part of our auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

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

20. I selected the following material performance indicators related to basic service delivery presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Performance indicators
Number of household with access to Waste removal by 30 June 2024
Number of new household with access to waste removal by 30 June 2024 (RidgeView)
Number of new household with access to waste removal by 30 June 2024(Balfour North)
Number of informal settlement receiving basic refuse removal services
Number of household provided with water services by 30 June 2024
Number of new household connected to the internal water reticulation by 30 June 2024(Ridgeview)
Number of new household connected to the internal water reticulation by 30 June 2024(Balfour North)
Number of Household with provided with sanitation services by 30 June 2024
Number of new Household with provided with sanitation services by 30 June 2024(Ridgeview)
Number of new Household connected to internal sewer reticulation (Balfour)
Number of Household provided with electricity services by 30 June 2024
Number of new Household connected to the internal electricity reticulation services by 30 June 2024(Ridgeview)
Number of new Household connected to the internal electricity reticulation services by 30 June 2024(Balfour)
Percentage% increase in Blue Drop status by 30 June 2024
Percentage% increase in Green Drop status by 30 June 2024
KMs of new paving roads upgraded by 30 June 2024
KMs of new gravel roads upgraded by 30 June 2024
Meter squared of roads patched by 30 June 2024
Percentage % reduction in technical and distribution water loses by 30 June 2024
Percentage % reduction in technical and distribution electrical losses by 30 June 2024
Number of MIG projects completed by 30 June 2024
Number of INEP projects completed by 30 June 2024
Number of MDRG projects completed by 30 December 2023

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

22. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- he targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets /measures taken to improve performance.

23. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

24. The material findings on the reported performance information for the selected material indicators are as follows:

Various indicators

25. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

Indicator	Target
Number of new household with access to waste removal by 30 June 2024(Balfour North)	40
Number of new household connected to the internal water reticulation by 30 June 2024(Balfour North)	40
Number of new Household connected to internal sewer reticulation (Balfour)	40
Number of new Household connected to the internal electricity reticulation by 30 June 2024(Balfour)	40
Percentage% increase in Blue Drop status by 30 June 2024	30%
Percentage% increase in Green Drop status by 30 June 2024	20%
Percentage % reduction in technical and distribution water loses by 30 June 2024	30%
Percentage % reduction in technical and distribution electrical losses by 30 June 2024	50%
Number of MIG Projects completed by 30 June 2024	3
Number of INEP Projects completed by 30 June 2024	3

Various indicators

26. A comparison of the actual performance for the year against the prior year performance was not included in the annual performance report. Consequently, the reported information is not useful for evaluating progress over time and for identifying areas of improvement.

Performance indicators
Number of household with access to Waste removal by 30 June 2024
Number of new household with access to waste removal by 30 June 2024 (RidgeView)
Number of new household with access to waste removal by 30 June 2024(Balfour North)
Number of informal settlement receiving basic refuse removal services
Number of household provided with water services by 30 June 2024
Number of new household connected to the internal water reticulation by 30 June 2024(Ridgeview)
Number of new household connected to the internal water reticulation by 30 June 2024(Balfour North)
Number of Household with provided with sanitation services by 30 June 2024
Number of new Household with provided with sanitation services by 30 June 2024(Ridgeview)
Number of new Household connected to internal sewer reticulation (Balfour)
Number of Household provided with electricity services by 30 June 2024
Number of new Household connected to the internal electricity reticulation services by 30 June 2024(Ridgeview)
Number of new Household connected to the internal electricity reticulation services by 30 June 2024(Balfour)
Percentage% increase in Blue Drop status by 30 June 2024
Percentage% increase in Green Drop status by 30 June 2024
KMs of new paving roads upgraded by 30 June 2024
KMs of new gravel roads upgraded by 30 June 2024
Meter squared of roads patched by 30 June 2024
Percentage % reduction in technical and distribution water loses by 30 June 2024
Percentage % reduction in technical and distribution electrical losses by 30 June 2024
Number of MIG projects completed by 30 June 2024
Number of INEP projects completed by 30 June 2024
Number of MDRG projects completed by 30 December 2023

Various indicators

27. Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Indicator	Target	Detail
Number of household with access to Waste removal by June 2024	14 590	I could not determine whether the reported achievement was correct as adequate supporting evidence was not provided to validate the methods and processes for measuring achievement used.
Number of new household with access to waste removal by 30 June 2024 (RidgeView)	180	
Number of new household with access to waste removal by 30 June 2024(Balfour North)	40	
Number of informal settlement receiving basic refuse removal services	4	
Number of household provided with water services by June 2024	14 750	
Number of new household connected to the internal water reticulation by 30 June 2024(Ridgeview)	180	
Number of new household connected to the internal water reticulation by 30 June 2024(Balfour North)	40	
Number of Household with provided with sanitation services by 30 June 2024	14 300	
Number of new Household with provided with sanitation services by 30 June 2024(Ridgeview)	180	
Number of new Household connected to internal sewer reticulation (Balfour)	40	
Number of Household provided with electricity services by June 2024	13 750	
Number of new Household connected to the internal electricity reticulation by 30 June 2024(Ridgeview)	180	
Number of new Household connected to the internal electricity reticulation by 30 June 2024(Balfour)	40	
KMs of new paving roads upgraded by 30 June 2024	0.802	
KMs of new gravel roads upgraded by 30 June 2024	40	
Meter squared of roads patched by 30 June 2024	3 000	
Number of MIG Projects completed by 30 June 2024	3	
Number of INEP Projects completed by 30 June 2024	3	
Number of MDRG Projects completed by 30 December 2023	3	

Various indicators

28. I could not determine the accuracy of various reported achievements, as the indicators were not well defined and adequate supporting evidence to clarify the methods and processes for measuring achievement were not provided. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator	Target	Reported achievement
Percentage% increase in Blue Drop status by 30 June 2024	30%	8%
Percentage% increase in Green Drop status by 30 June 2024	20%	5%
Percentage % reduction in technical and distribution water loses by 30 June 2024	30%	0%
Percentage % reduction in technical and distribution electrical losses by 30 June 2024	50%	0%

OTHER MATTERS

29. I draw attention to the matters.

ACHIEVEMENT OF PLANNED TARGETS

30. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements/measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

31. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

BASIC SERVICE DELIVERY

Targets achieved: 60.3%		
Budget spent: 100%		
Key basic service delivery indicators not achieved	**Planned target**	**Reported achievement**
Number of new household with access to waste removal by 30 June 2024(Balfour North)	40	0
Number of new household connected to the internal water reticulation by 30 June 2024(Balfour North)	40	0
Number of new Household connected to internal sewer reticulation (Balfour)	40	0

Number of new Household connected to the internal electricity reticulation services by 30 June 2024(Balfour)	40	0
Percentage% increase in Blue Drop status by 30 June 2024	30%	8%
Percentage% increase in Green Drop status by 30 June 2024	20%	5%
Percentage % reduction in technical and distribution water loses by 30 June 2024	30%	0%
Percentage % reduction in technical and distribution electrical losses by 30 June 2024	50%	0%
Number of MIG projects completed by 30 June 2024	3	2
Number of INEP projects completed by 30 June 2024	3	0

MATERIAL MISSTATEMENTS

32. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management did not correct the misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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

34. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

35. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

EXPENDITURE MANAGEMENT

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

38. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM prescripts.

39. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R29,92 million, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by late payment of suppliers.

40. Reasonable steps were not taken to prevent unauthorised expenditure of R240,52 million, as disclosed in note 51 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 on the budget.

PROCUREMENT AND CONTRACT MANAGEMENT

41. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c).

42. Sufficient appropriate audit evidence could not be obtained that goods and services within the prescribed transaction value for competitive bids were procured by inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM Regulations 19(a) and 36(1).

43. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5.

44. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.

45. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. .

Asset management

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

Consequence management

47. Some of the 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.

48. Some of the irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

49. Allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.

Grant Management

50. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

51. Performance in respect of programmes funded by the Integrated National Electrification Programme Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023)

Strategic planning and performance management

52. The performance management system and related controls were not maintained as it did not describe how the performance planning, monitoring, measurement, review, reporting, improvement processes should be conducted and organised and managed at the indicator level, as required by municipal planning and performance management regulation 7(1).

53. The SDBIP for the year under review did not include monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

Financial statements, performance and annual reports

54. 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, revenue, expenditure 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.

55. The 2022/23 annual report was not made public after being tabled in the council, as required by section 127(5)(a)(i) of the MFMA.

56. The oversight report adopted by the council on the 2022/23 annual report was not made public, as required by section 129(3) of the MFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

57. The accounting officer is responsible for the other information included in the annual report which includes the audit committees report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

58. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

59. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

60. 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

61. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

62. 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 selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report control.

63. Those charged with leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

64. Management did not review and monitor compliance with applicable laws and regulations.

65. Management did not implement controls over daily and monthly processing and reconciling of transactions.

66. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

MATERIAL IRREGULARITIES

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

MATERIAL IRREGULARITIES IDENTIFIED DURING THE AUDIT

68. The material irregularities identified are as follows:

Poor management of the Greylingstad waste landfill site

69. The Municipality has been operating the Greylingstad waste landfill site in a manner that is not in compliance with its license conditions and the minimum legislative requirements for waste disposal at a landfill site, which is evidenced by poor access control to the site, serious illegal waste dumping / disposals on roads to and from the site and immediate surroundings, improper or lack of compacting and cover to limit gas emission impacting on air quality, burning of waste posing safety risks and air pollution, no control over water runoff or leachate management, encroachment of dwellings – housing developments incur in and around the site, the site is close to communal developments and related activities, no monitoring and sampling of surface / groundwater / gas monitoring, wind-blown waste was evident, particularly along the access road around the waste body, no dust management / suppression on the site.

70. The municipality consequently did not dispose and treat waste in an environmentally sound manner that does not endanger health or the environment as required by section 16(1) of the National Environmental Management Waste Act 59 of 2008. The municipality further did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring as required by section 28(1) of NEMA. The municipality also did not ensure that any other situation exists, which causes, has caused or is likely to cause pollution of a water resource, must take all reasonable measures to prevent any such pollution from occurring, continuing or recurring as required by section 19(1) of the NWA. The non-compliance is likely to cause substantial harm to the community members utilising the landfill site and communities adjacent to the landfill site and to the environment dependent on the affected air, soil and water resources.

71. The accounting officer was notified of this material irregularity on 25 January 2024 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make the written submission within the stipulated period and therefore did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Poor management of the Grootvlei waste landfill site

72. The municipality has been operating the Grootvlei waste landfill site without a valid licence or permit. A closure licence was issued to the municipality in the year 2014 to restore and rehabilitate the site and surrounds. The Municipality has been operating the landfill site in a manner that is not in compliance with license conditions and the minimum legislative requirements for waste disposal at a landfill site, which is evidenced by poor access control to the site, serious illegal waste dumping / disposals on roads to and from the site and immediate surroundings, improper or lack of compacting and cover to limit gas emission impacting on air quality, burning of waste posing safety risks and air pollution, encroachment of dwellings – housing developments incur in and around the site. The site is close to communal developments and related activities, no monitoring and sampling of surface/ gas monitoring, wind-blown waste was evident, particularly along the access road around the waste body, no dust management / suppression on the site.

73. The municipality consequently did not dispose and treat waste in an environmentally sound manner that does not endanger health or the environment as required by section 16(1) of the National Environmental Management Waste Act 59 of 2008. The municipality further did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring as required by section 28(1) of NEMA. The non-compliance is likely to cause substantial harm to the community members utilising the landfill site and communities adjacent to the landfill site and environment dependent on the affected air and soil.

74. The accounting officer was notified of this material irregularity on 14 March 2024 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make the written submission within the stipulated period and therefore did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Pollution of water resource not prevented at the Balfour wastewater treatment plant

75. The Balfour wastewater treatment works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Blesbokspruit River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resource.

76. The accounting officer was notified of this material irregularity on 11 April 2024 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make the written submission within the stipulated period and therefore did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Pollution of water resource not prevented at the Grootvlei (Extension 1) mine wastewater treatment plant

77. The Grootvlei (Extension 1) mine wastewater treatment works has not operated effectively. This has resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Grootvlei Dam, the nearby Molspruit River which subsequently feeds into the Vaal and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resource.

78. The accounting officer was notified of this material irregularity on 27 June 2024 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make the written submission within the stipulated period and therefore

did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

Eskom not paid within 30 days of receiving the relevant invoice or statement

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

80. The non-compliance is likely to result in a material financial loss for the Dipaleseng local municipality. This is due to the municipality still owing money to Eskom and continuously not making payments within 30 days.

81. However, the municipality is still incurring interest on ESKOM. Consequently, as disclosed in note 52 of the annual financial statements interest of late payments to suppliers of R29,92 million was incurred in 2023-24 financial statements.

82. The accounting officer was notified of this material irregularity on 12 June 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make the written submission within the stipulated period and therefore did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Poor management of the Balfour waste landfill site

83. The Municipality has been operating the Balfour waste landfill site in a manner that is not in compliance with its license conditions and the minimum legislative requirements for waste disposal at a landfill site, which is evidenced by poor access control, Improper or lack of compacting and cover to limit gas emission impacting on air quality, Burning of waste posing safety risks and air pollution, lack of storm water management and leachate detection to prevent continued contamination of the soil and groundwater, Site erosion was evident near and around the site bodies and o monitoring and sampling of surface / groundwater / gas monitoring.

84. The municipality consequently did not dispose and treat waste in an environmentally sound manner that does not endanger health or the environment as required by section 16(1) of the National Environmental Management Waste Act 59 of 2008. The municipality further did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring as required by section 28(1) of NEMA. The municipality also did not ensure that any other situation exists, which causes, has caused or is likely to cause pollution of a water resource, must take all reasonable measures to prevent any such pollution from occurring, continuing or recurring as required by section 19(1) of the NWA. The non-compliance is likely to cause substantial harm to the community members utilising the landfill site and communities adjacent to the landfill site and to the environment dependent on the affected air, soil and water resources.

85. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make the written submission within the stipulated period and

therefore did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Full and proper records not kept

86. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of property plant and equipment, unspent conditional grants, revenue from exchange transactions, cash and cash equivalents, expenditure (contracted services) and distribution losses (electricity and water), as required by section 62(1) (b) of the MFMA.

87. The non-compliance contributed to a disclaimer of audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

88. The lack of full and proper records is likely to result in substantial harm to the municipality as it has a negative impact on the municipality's ability to discharge its service delivery mandate.

89. The accounting officer was notified of this material irregularity on 9 May 2022. The following actions have been taken to resolve the material irregularity:

90. The accounting officer responded to the notification on 6 October 2022 and the accounting officer subsequently indicated that a financial recovery plan is currently being implemented and is being monitored by the accounting officer and stakeholders with the aim of improving the financial sustainability. The following actions have been taken to resolve the material irregularity:

- During the 2022/23 an action plan was developed to address the specific key areas (property plant and equipment, unspent conditional grants, revenue from exchange transactions, cash and cash equivalents, expenditure (contracted services) and distribution losses (electricity and water)) that led to the disclaimer audit opinion.

- In August 2022, the council appointed an accounting officer to ensure stability in leadership position and to institutionalise the internal controls on daily and monthly processing of transactions.

- In March 2022, the municipality appointed a Chief Financial to assist the accounting officer to institutionalise the internal controls on daily and monthly processing of transactions.

- During 2022/23 council approved the records management policy. The policy was duly implemented since its approval.

- During 2022/23, an adequate filing system was in progress to ensure that accounting records are easily retrievable when required.

- During 23/24 management developed and commenced with the implementation of an action plan to address poor record keeping

- The accounting officer is implementing the financial recovery plan under the support of the National Government Intervention. There are various revenue enhancement programmes that the municipality is implementing to ensure improvement in the revenue collection. The implementation of the financial recovery plan is ongoing.

91. Based on the above actions that have been taken to resolve the material irregularity. I considered all the substantiating evidence provided and I have concluded that appropriate actions have been taken to address the material irregularity and it is considered resolved. I will continue to monitor the impact of the initiatives implemented in accordance with the financial recovery plan during my subsequent audit.

Auditor-General
Mbombela
30 November 2024



Annexure to the auditor's report

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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.

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

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

ANNUAL PERFOMANCE



DRAFT ANNUAL PERFORMANCE REPORT
FOR THE
2023/2024
FINANCIAL YEAR

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ANNEXURES

A. Top-Layer Service Delivery and Budget Implementation Plan for 2023/2024 Financial Year
B. Performance Agreement of the Municipal Manager for the 2023/2024 Financial Year

The Annual Performance Report of Dipaleseng Local Municipality for the 2023/2024 financial year is submitted in terms of Section 46 (1) and (2) of the Local Government: Municipal Systems Act (No. 32 of 2000) (MSA). The report reflects the performance information of the municipality from 01 July 2023 to 30 June 2024 and focuses on the implementation of the 2023/2024 Service Delivery and Budget Implementation Plan (SDBIP), concerning the strategic objectives of the municipality as encapsulated in the Integrated Development Plan (IDP) for the year under review.

The format of the report will reflect the Municipality's Key Performance Indicators (KPIs) per Municipal Key Performance Area. Each Municipal Key Performance Area (KPA) has several IDP Strategic Objectives which has been developed to focus the development of organisational initiatives in a more coherent and organised manner.

This report will also endeavour to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic Key Performance Areas for local government, which are:

- Basic Service Delivery and Infrastructure Development;
- Local Economic Development;
- Municipal Financial Management & Viability;
- Municipal Transformation & Institutional Development
- Good Governance and Public Participation.

The report covers the year's progress made with the actual implementation of the Municipality's Top-Layer SDBIP. It primarily reflects on the Annual Targets, any Target Adjustments approved by Council during the financial year and the Annual Actuals achieved in the 2023/2024 financial year.

Section 40 of the Municipal Systems Act of 2000 (MSA) outlines that *"*a municipality must establish mechanisms to monitor and review its Performance Management System''*,* so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. In terms of Section 34 (a)(i) of the MSA, it is expected that a municipal council must review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41. During the IDP review process the Key Performance Areas, Key Performance Indicators and performance targets are reviewed, this review forms the basis of the review of the Organisational Performance Management Scorecard and performance contracts of Section 54/56 Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (No.32 of 2000) stipulates the following:

Annual performance reports –

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

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

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

(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Financial Management Act.

The Performance Management and Development System Policy (PMDS) and Procedures was approved on 30 May 2023 for the 2023/2024 financial year.

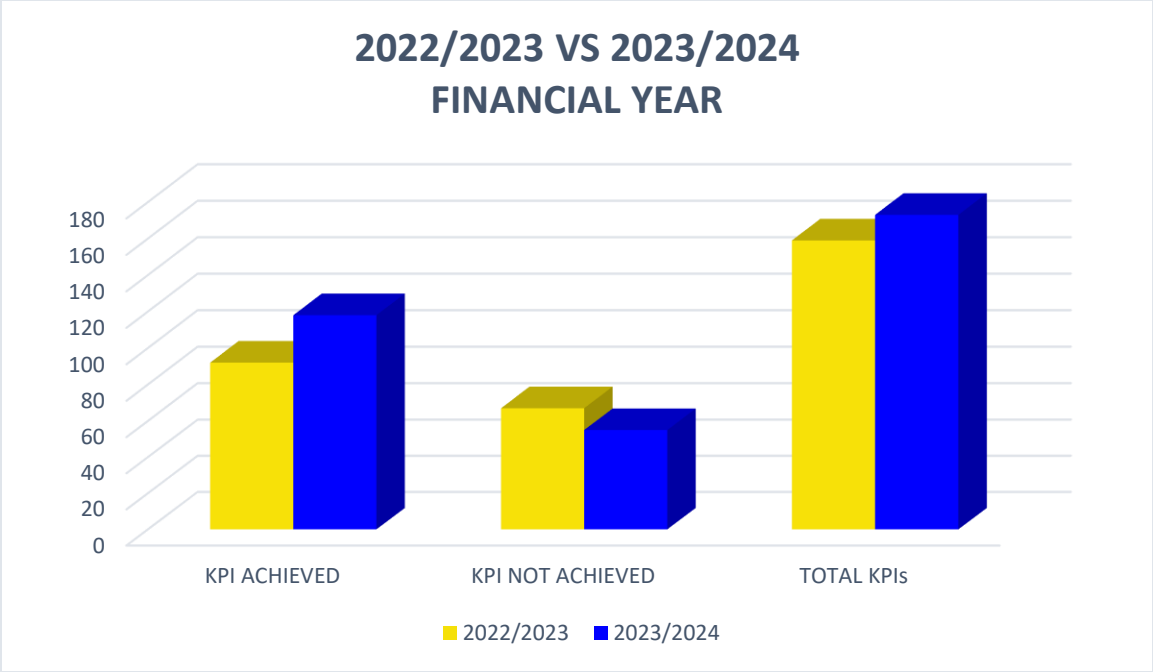
The approved Performance Management and Development System Policy (PMDS) and Procedures included a review of the initiatives required to clarify the processes to collect, collate and verify performance information.

This report includes highlights from the key performance measures included in the Integrated Development Plan (IDP) for the 2023/2024 financial year. These priority measures constitute the Organisational Top Layer Service Delivery & Budget Implementation Plan (TL SDBIP) for the 2023/2024 financial year.

At the end of the financial year (01 July 2023 to 30 June 2024) 68% of priority performance measures have met or exceeded the year-end target. Areas for improvement are detailed in the report and are shown in the Municipal Scorecard for the 2023/2024 financial year. The accountable officials have provided commentary to put performance into context and identified actions that are taken to address under performance.

Performance and monitoring underpin the municipality's IDP in terms of reviewing progress regularly as well as achieving priorities and delivering value for money to the communities that we serve. Early investigation of variances enables remedial action to be taken where appropriate. The overall performance for the 2023/2024 financial year shows an increase of 32% when compared to the 2022/2023 financial year.

The following graph compares the overall performance for the 2023/2024 financial year and the 2022/2023 financial year:



Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework and will remain for the duration of the IDP period for consistency in measuring and reporting on long term strategies and projects. Measurable performance targets with regarding each of these development priorities and objectives were established. A process to ensure regular monitoring of performance is in place through the submission of quarterly performance reports to the Audit and Performance Committee and thereafter Council.

Individual agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Senior Managers. These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act.

The Performance Evaluation Committee was established for the assessment of the performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager. The committee meets on a quarterly basis to evaluate individual performance.

The Audit and Performance Committee members for the 2023/2024 financial year were as follows:

- Mrs. S.J. Masite – Chairperson
- Mr. L. Langalibalele - Member
- Mr. DS Twala - Member
- Mr. S. Mofokeng – Member

The Audit and Performance Committee meets on a quarterly basis of each financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported on the Top Layer Service Delivery & Budget Implementation Plan (TL SDBIP) as well as the performance achievements reported in terms of the Departmental Service Delivery & Budget Implementation Plans.

The Audit and Performance Committee meetings took place as required by legislation on the following dates:

- 21 July 2023 - Ordinary Meeting
- 22 August 2023 - Special Meeting
- 27 August 2023 - Special Meeting
- 27 October 2023 - Ordinary Meeting
- 29 November 2023 - Special Meeting
- 23 January 2024 - Ordinary Meeting
- 25 January 2024 - Special Meeting
- 23 February 2024 - Special Meeting
- 12 April 2024 - Ordinary Meeting
- 17 April 2024 - Ordinary Meeting
- 26 June 2024 - Special Meeting

The minutes of the meetings are available in the Portfolio of Evidence of the Municipal Manager.

The Municipal Systems Act 2000, Section 45 requires that the results of the performance measurements in terms of section 41 (1) c, must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).
The Chief Audit Executive, Mrs. M. M. Ngwenya, was appointed to perform the Internal Audit function within the municipality. As part of their scope of work, auditing of the Performance Management System and relevant Performance Information in terms of the Internal Audit Plan of Dipaleseng Local Municipality for the 2023/2024 financial year, was performed and reports were received for each quarter in terms of the following:

Quarter 1:

Determine the adequacy and effectiveness of Performance Management System as well as compliance with section 45 of the Municipal Systems Act. The auditing commenced in October 2023.

Quarter 2:

Provide reasonable assurance on the completeness, relevance, accuracy, consistency of information furnished in the Service Delivery and Budget Implementation Plan as well as that of the Portfolio of evidence furnished is sufficient. The auditing commenced in January 2024.

Quarter 3:

Give assurance on whether the key management controls in place are adequate and effective to minimize the high-risk areas that will be identified and agreed with management during the process of risk assessment. The auditing commenced in April 2024.

Quarter 4:

Review scorecards on a test basis to supporting evidence on a sample basis, perform detailed testing on selected performance information (AOPI); and ensure the accuracy and validity of the information included in the annual report based on the evidence inspected, on a sample basis. Performance Information reported in Quarter 4 is currently being audited, and the audit has not yet been finalised.

Performance Evaluation Panels for the evaluation of Top Management are established per the Local Government: Municipal Performance Regulations for the Municipal Manager and Managers directly accountable to Municipal Managers, 2006, as follows:

A. For purposes of evaluating the annual performance of the Municipal Manager (Section 54A), an Evaluation Panel constituting of the following persons was established:
   (i) Executive Mayor or Mayor;
   (ii) Chairperson of the Performance Audit Committee;
   (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
   (iv) Mayor and/or Municipal Manager from another Municipality; and
   (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor.

B. For purposes of evaluating the annual performance of Managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:
   (i) Municipal Manager;
   (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
   (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and
   (iv) Municipal Manager from another Municipality.

Performance Evaluation sessions are to be conducted quarterly. The first and the third quarter assessment are informal assessments. Formal assessments are conducted in the presence of the Evaluation Panel for the mid-year (quarter two) and full year (quarter four) performance achievements. The final (annual) formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager determines the if a manager has performed above adequately and is eligible for a performance bonus.

The Performance Management and Development System Policy (PMDS) and Procedures of Dipaleseng includes the cascading of performance to all levels of staff in line with the Local Government: Municipal Staff Regulations, 2021 (Regulation 890). The Municipality, however, has faced challenges in implementing individual performance management to all levels of staff in the 2023/2024 financial year and will investigate the implementation thereof through a phased-in approach from the 2024/2025 financial year and beyond.

The monitoring of the service provider performance is ensured through the signing of Service Level Agreements. It is currently being done on a user department level. The end user department provides reports on performance of service providers by submitting reports to the performance management unit and through Council's committee structures.
The following are the service providers engaged in each business unit during the 2023/2024 financial year focusing on the critical functional areas of the municipality:

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT
I@ Consulting	Maintenance and upgrading of GRAP Compliance and mSCOA Aligned Asset Register	23 August 2023- 23 August 2026	Appointment of a Service Provider for maintenance and upgrading of GRAP Compliant and MSCOA Aligned Asset Register and MSCOA Aligned Asset care estimates for a period of 36 months for Dipaleseng Local Municipality	Excellent performance. Work done in line with the Approved Process Plan.	5 = Excellent
KZM Consulting (Pty) Ltd	Professional Assessment on Regraveling, Resurfacing And Reconstruction Of Roads	18 December 2023- 30 June 2024	Appointment Of A Consultant For Professional Assessment On Regraveling, Resurfacing And Reconstruction Of Roads In DLM	Excellent the work done in line with the approved Business Plan.	5 = Excellent
Makgakga Properties	Compilation Of The General Valuation Roll 2024-2029	11 October 2023 - 11 October 2029	Appointment Of A Service Provider For Property Values For The Compilation Of The General Valuation Roll 2024-2029 For Dipaleseng Local Municipality As Well As The Supply Of Other Valuation Related Services In Compliance With The Local Government Municipal Property Rates Acts (Act No 6 Of 2004)	Excellent performance. Work done in line with the Approved Process Plan.	5 = Excellent
Izinjomane	Professional Assessment On Regraveling, Resurfacing And Reconstruction Of Roads	29 January 2024- 29 May 2024	Appointment Of A Contractor For Professional Assessment On Regraveling, Resurfacing And Reconstruction Of Roads In DLM	Excellent performance. Work done in line with the Approved Process Plan.	5 = Excellent

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT
Mpophoma Construction	Upgrading of Charles Street	27 February 2024 - Multiyear project	Appointment of a Contractor for Upgrading of Charles Street	Excellent performance. Work done in line with the Implementation Plan	5 = Excellent
Ontec	Prepaid Vending Machine	31 January 2020 - 31 January 2023	Prepaid Vending Machine	Excellent performance. Work done in line with the Approved Process Plan.	5 = Excellent
Hash Tag Imvulo	Security Services	May 2023-April 2026	Providing Security Services	Excellent Performance.	5 = Excellent
Pheleng General Trading	Revenue Stationery	Order issued 15/03/2024 Delivery took place on the 22 /03/2024	Supply and delivery of Revenue Stationery	Excellent the order was delivered within 14 days	5 = Excellent
Senaba Crown Services	Hiring of a truck with crane to move container	30/06/2023 - 07/07/2023	Hiring of a truck with crane to move container to Municipal Workshop	Excellent the order was delivered within 14 days	5 = Excellent
Environmental & Sustainability	Evaluation of landfill site	26/07/2023-23/08/2023	Evaluation of landfill site	Excellent the order was delivered within 14 days	5 = Excellent
Kamohelo Mashome	Supply and delivery of sewer materials	26/01/2024-12/02/2024	Supply and delivery of sewer materials	Excellent the order was delivered within 14 days	5 = Excellent
Erve Trading Enterprice CC	Supply and delivery of traffic cartridges	19/01/2024-22/02/2024	Supply and delivery of traffic cartridges	Excellent the order was delivered within 14 days	5 = Excellent
KFC Engineering & Industrial	Supply and delivery of Water materials	05/12/2023-08/01/2024	Supply and delivery of Water materials	Excellent the order was delivered within 14 days	5 = Excellent
Nashua Highveld	Supply and delivery of stationery	13 /05/2024	Supply and delivery of stationery	The service provider underperformed, and the order was delivered partially	1 = Poor Quarterly performance assessment meetings to be

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
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					held with service provider to ensure that delivery takes place within 14 days.
VPG Enterprise	Supply and delivery of Cleaning materials	26/01/2024 - 15/02/2024	Supply and delivery of Cleaning materials	Excellent the order was delivered within 14 days	5 = Excellent
Lupitt Trading and projects	Supply and installation of Avk Ball Float valves	22/04/2024 - 30/04/2024	Supply and installation of Avk Ball Float valves	Excellent the order was delivered within 14 days	5 = Excellent
Environmental & Sustainability	Grap 25	15/06/2023	Grap 25	Excellent the order was delivered within 14 days	5 = Excellent
Supply Cor CC	Supply and delivery of traffic Uniform	27/05/2024	Supply and delivery of traffic Uniform	The service provider underperformed the order is not fully delivered	1 = Poor Service provider to be reminded of SCM processes and binding order with municipality. Service provider performance to be considered before awarding more opportunities in future.
Smarty General Trading (Pty) Ltd	Hiring of a tractor with slasher for grass cutting	15/03/2024-17/04/2024	Hiring of a tractor with slasher for grass cutting	Excellent the order was delivered within 14 days	5 = Excellent
Senaba Crown Services	Hiring of a TLB for 30 days	18/04/2024-12/06/2024	Hiring of a TLB for 30 days	Excellent the order was delivered within 14 days	5 = Excellent
VPG Enterprise	Supply and delivery of PPE for Fire Fighters	02/05/2024-18/05/2024	Supply and delivery of PPE for Fire Fighters	Excellent the order was delivered within 14 days	5 = Excellent
Aspor Utility Services	Hiring of a Tipper Truck	18/04/2024-22/05/2024	Hiring of a Tipper Truck for 30 Days	Excellent the order was delivered within 14 days	5 = Excellent

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT
Artness Trading Pty Ltd	Supply and delivery of Water pumps	25/04/2024-15/05/2024	Supply and delivery of Water pumps	Excellent the order was delivered within 14 days	5 = Excellent
Sinhla Construction CC	Supply and delivery of workshop tools	26/01/2024-12/02/2024	Supply and delivery of workshop tools	Excellent the order was delivered within 14 days	5 = Excellent
VPG Enterprise	Supply and delivery of office furniture	18/12/2023-13/01/2024	Supply and delivery of office furniture for Maintenance Officer	Excellent the order was delivered within 14 days	5 = Excellent
Thami and Jerry Business Enterprise	Fixing of toilets	6/11/2023 - 22/12/2023	Fixing of toilets	Excellent the order was delivered within 14 days	5 = Excellent
El Roi and Projects (Pty) Ltd	Fixing of CAT TLB	07/04/2023	Fixing of CAT TLB KBB 077mp	Poor Performance. The service provider partly fixed the vehicle and promised to return and complete to date the Municipality is still awaiting delivery.	1 = Poor Service provider to be reminded of SCM processes and binding order with municipality. Service provider performance to be considered before awarding more opportunities in future.
Auto City	Remove and replace Gear Cables for DRW 249MP	07/05/2023	Remove and replace Gear Cables for DRW 249MP	Excellent the order was delivered within 07 days, but the service provider requested upfront payment	5 = Excellent
Increcorp	Fixing of Nissan UD 80 Water Truck Prop Shaft centre bearing Universal Joint plus Installing 10 x Tyre 12R 22.5	07/07/2023	Fixing of Nissan UD 80 Water Truck Prop Shaft centre bearing Universal Joint plus Installing 10 x Tyre 12R 22.5	Excellent the order was delivered within 14 days	5 = Excellent

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT
BHNG	Supply and delivery of water materials	20/07/2023	Supply and delivery of water materilas	Excellent the order was delivered within 14 days	5 = Excellent
Tlotlo Lebone Trading Enterprise	Hiring of a heavy-duty vacuum sewer truck capable of reaching the depth of 5-20 meter for 31 days	21/07/2023	Hiring of a heavy-duty vacuum sewer truck capable of reaching the depth of 5-20 meter for 31 days	Excellent the order was delivered within Specified Time days	5 = Excellent
El Roi and Projects (Pty) Ltd	Fixing of FBC 908MP	27/07/2023	Fixing of FBC 908MP	Excellent the order was delivered within 14 days	5 = Excellent
Increcorp	Fixing of Nissan UD Truck, Electrical failures Replacement of right-hand side mirror broken. Fuso FFX 099 MP Mechanical fault braking system and handbrake system not functional	28/07/2023	Fixing of Nissan UD Truck, Electrical failures Replacement of right-hand side mirror broken. Fuso FFX 099 MP Mechanical fault braking system and handbrake system not functional	Excellent the order was delivered within 14 days	5 = Excellent
Lamla Engineering	Hiring of 3 x Portable water tanks	08/01/2023	Hiring of 3 x Portable water tanks	The service rendered urgently as requested	4 = Very Good
Phakama Industrial	Hiring of Ash Truck	08/06/2024	Hiring of Ash Truck	The service rendered urgently as requested	4 = Very Good
Phakama Industrial	Hiring of Water Truck	08/06/2024	Hiring of Water Truck	The service rendered urgently as requested	4 = Very Good
VPG Enterprise	Hiring of Waste Truck	06/08/2023	Hiring of Waste Truck	The service rendered urgently as requested	4 = Very Good
Tlotlo Lebone Trading Enterprise	Hiring of a Heavy-Duty Vacuum Truck	06/08/2023	Hiring of a Heavy-Duty Vacuum Truck	The service rendered urgently as requested	4 = Very Good

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT
Modabee Projects (Pty) Ltd	Hiring of Waste Truck	08/07/2023	Hiring of Waste Truck	The service rendered urgently as requested	4 = Very Good
Sbushi Semaswati Trading	Hiring of a Water Truck	08/06/2023	Hiring of a Water Truck	The service rendered urgently as requested	5 = Excellent
Increcorp	Fixing of Volvo Grader Coolant Bottle and Windscreen Replacement	17/08/2023	Fixing of Volvo Grader coolant Bottle need replacement, and 2 x Side Driver need Windscreen	Excellent the order was delivered within 14 days	5 = Excellent
Shariffs Balfour t/a Balfour Super Quick	Vehicle Repairs	22/08/2023	Vehicle Repairs	The service rendered urgently as requested	4 = Very Good
El Roi and Projects (Pty) Ltd	Repairing of Volvo FDL 460MP	23/08/2023	Repairing of Volvo FDL 460MP	Excellent the order was delivered within 14 days	5 = Excellent
DJ motors fuel and services	Fixing of Nissan Ash Truck KTF 725 MP	25/08/2023	Fixing of Nissan Ash Truck KTF 725 MP	Excellent the order was delivered within 14 days	5 = Excellent
Zamaswazi Vehicle Centre	Fixing of Bakkie DPY 053MP	29/08/2023	Fixing of Bakkie DPY 053MP	Excellent the order was delivered within 14 days	5 = Excellent
Shariffs Balfour t/a Balfour Super quick	Repairs for various Municipal Vehicles	30/08/2023	Repairs for various Municipal Vehicles	The service rendered urgently as requested	4 = Very Good
DJ motors fuel and services	Fixing of NP300 JDR 014 MP	09/04/2023	Fixing of NP300 JDR 014 MP	The service rendered urgently as requested	4 = Very Good
Mpophoma Construction	Hiring of a cherry picker	13/09/2023	Hiring of a cherry picker for 5 months	The service rendered urgently as requested	4 = Very Good
Dj motors fuel and services	Fixing of Water Truck	10/09/2023	Fixing of Water Truck DYP 887 MP	The service rendered urgently as requested	4 = Very Good
Thabiso Dibuseng	Hiring of a Portable Water Tank	10/02/2024	Hiring of a Portable Water Tank	The service rendered urgently as requested	4 = Very Good
M3L Trading	Supply and delivery of water materials	11/06/2023	Supply and delivery of water materials	The service rendered urgently as requested	4 = Very Good

CORRECTIVE MEASURES FOR CONTRACTORS PERFORMING BELOW THE ACCEPTABLE STANDARD	
NAME OF CONTRACTOR	**MANAGEMENT COMMENTS**
Nashua Highveld	Quarterly performance assessment meetings to be held with service provider to ensure that delivery takes place within 14 days.
Supply Cor CC	Service provider to be reminded of SCM processes and binding order with municipality. Service provider performance to be considered before awarding more opportunities in future.
EL ROI AND PROJECTS (PTY) LTD	Service provider to be reminded of SCM processes and binding order with municipality. Service provider performance to be considered before awarding more opportunities in future.

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2022/2023 FY
EXTERNAL SERVICE PROVIDER	**SERVICE PROVIDED IN TERMS OF SIGNED SLA**	**PERFORMANCE TIMEFRAMES**	**DESCRIPTION OF SERVICES PROVIDED**	**PERFORMANCE REVIEW**	**PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT**
HV Test Academy (Pty) Ltd	Training for Electrical Team	30/11/2023	Training for Electrical Team	Excellent the order was delivered within 14 days	5 = Excellent
Munsoft (Pty) Ltd	Supply and Delivery of Enterprise Resource Management System	01/07/2021 – 30/06/2023	Supply and Delivery of Enterprise Resource Management System and corresponding mSCOA compliant support services	Excellent. The service provider has provided services in line with the SLA and support in terms of improving the Audit Outcome of the Municipality.	5 = Excellent

In relation to the 2023/2024 financial year-end performance results, the draft position shows that:

- **68%** of measures met or exceeded the year-end target.
- **32%** of measures were not achieved which is an 26% decline when compared to the 2022/2023 financial year.
- The percentage calculation is based on the targets achieved against the total number of targets.

The colour coded system used to report performance is as follows:

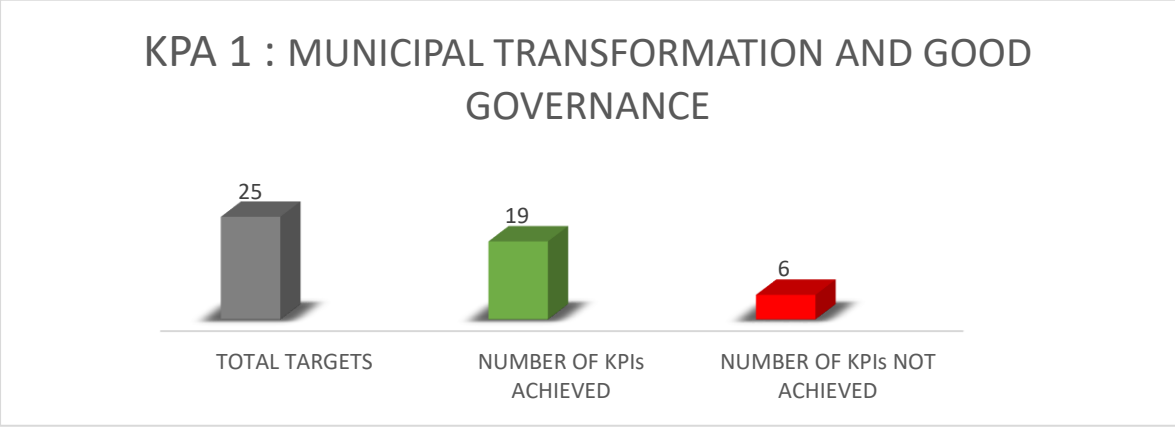
- **Green** – Performance targets achieved.
- **Red** – Performance targets not achieved.

The performance results for the organizational priorities can be summarized as follows:

COLOUR CODED STATUS	2022/2023 PERFORMANCE	2023/2024 PERFORMANCE
Green – KPI Achieved	42%	68%
Red – KPI Not Achieved	58%	32%

9.1. KPA 1: MUNICIPAL TRANSFORMATION AND GOOD GOVERNANCE

TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
25	19	6	76.00%

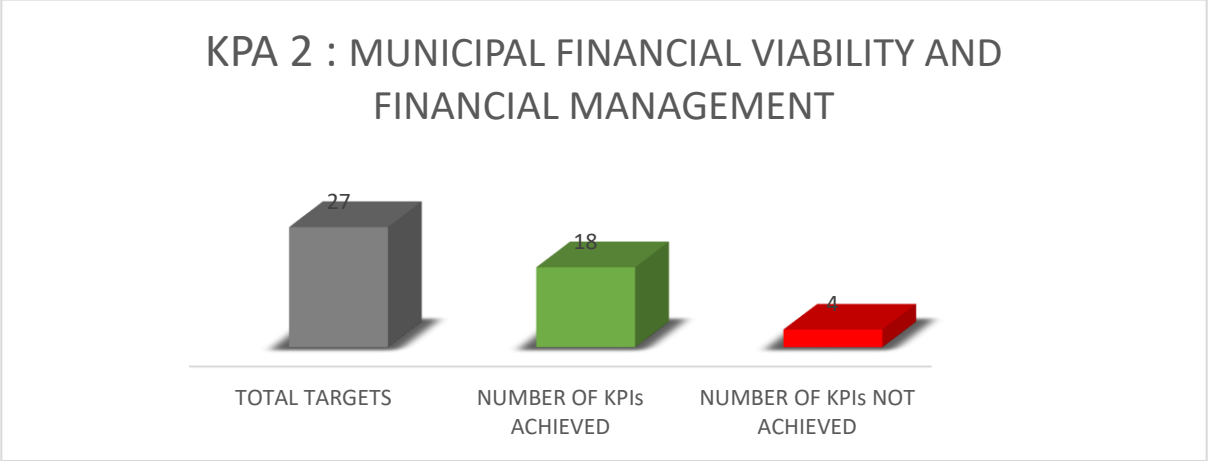


The Municipality faced severe challenges in the filling of vacant Section 56 positions in the 2023/2024 financial year. Due to the high vacancy rate, and high volume of Acting Senior Managers, the Accounting Officer was unable to exercise adequate performance monitoring and consequence management for under-achievement of predetermined objectives as targeted for Senior Managers.

The Municipality will endeavour to fill all vacant positions in the 2024/2025 financial year to enable the Accounting Officer to enforce the Performance Management and Development Policy of the Dipaleseng Local Municipality.
Although the Accounting Officer faced challenges with regards to performance management implementation, great effort was made to ensure proper oversight into financial and performance practices through the regular convening of the Performance Audit Committee in the 2023/2024 financial year.
The Municipal Staff Regulations Implementation Plan, as approved by Council, will endeavour to cascade performance management as a phased-in approach to all levels of staff.
Internal Audit and Risk Management remains the focus of the Office of the Municipal Manager to ensure that underperformance is identified in advance and operational and strategic risks are identified and mitigated within the capabilities and resource availability of the Municipality.

9.2. KPA 2: MUNICIPAL FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

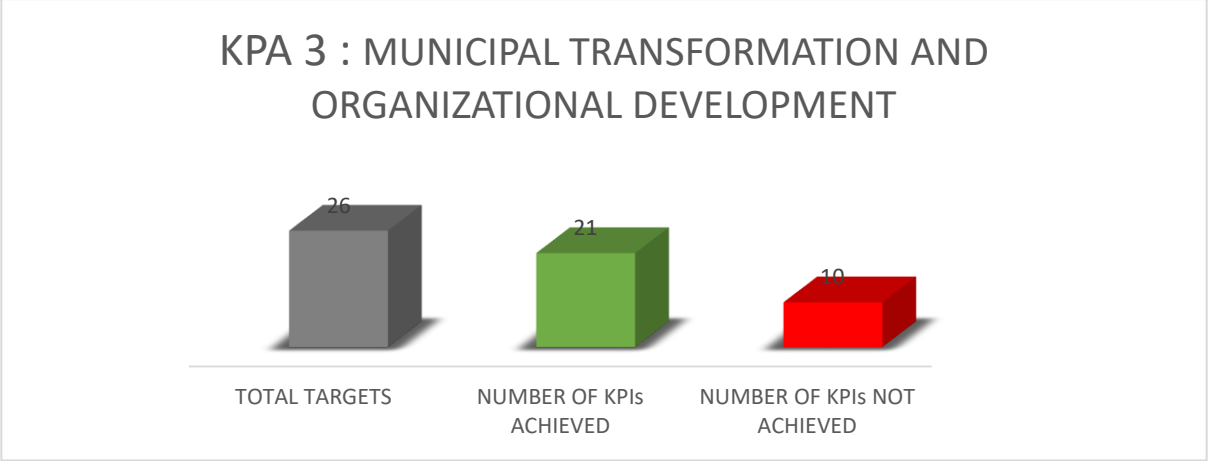
TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
27	18	9	67%



The Municipality faced severe financial challenges in the 2023/2024 financial year due to non-payment from consumers due to the high rate of unemployment and poverty levels in the municipal area.
The Municipality endeavoured to improve the Auditor-General Audit Opinion, however, the Municipality managed to achieve only a Qualified Audit Opinion due to Irregular Expenditure and Own Billing. An Audit Action Plan was subsequently formulated, and an indicator was approved for each department to ensure that the Audit Action Plan was implemented during the financial year.
The organisation will continue in the 2024/2025 financial year to investigate possible cost containment and revenue enhancement strategies to ensure that debt collection improves and cash and cash equivalents are available to improve the liquidity position of the Municipality.

9.3. KPA 3: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

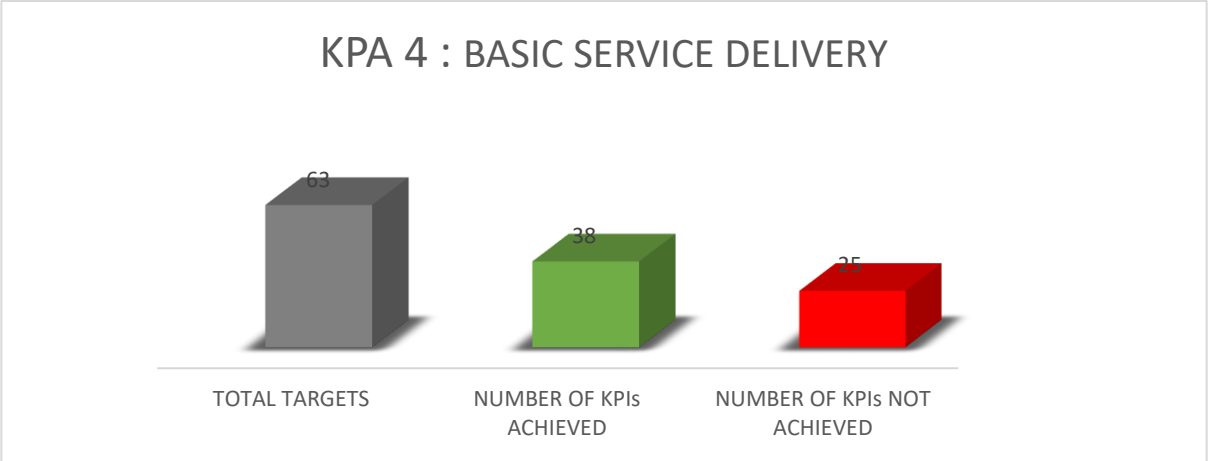
TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
26	21	5	80.77%



The Municipality was unable to fill 4 of the critical positions in the organisation in the 2023/2024 financial year due to delays in recruitment and selection processes. In the 2023/2024 financial year, the Municipality was plagued by a high volume of individuals acting in senior positions. Endeavours have been put in place in for the 2024/2025 financial year through the future appointment of a panel of service providers to fast-track recruitment processes.

9.4. KPA 4: BASIC SERVICE DELIVERY

TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE ACHIEVED
63	38	25	60.32%



The Municipality was unable to adequately create awareness amongst the constituents of the region on safe fire practices due to the high volume of vacancies experienced in the Fire Fighting Unit. An Acting Fire Chief was appointed in Quarter 4 of the 2023/2024 financial year to positively influence firefighting campaigns in the region.

Though the Municipality faced difficulties in the drafting of a Law Enforcement Strategy, the organisation was able to conduct a total of 21 563 law enforcement activities and 16 893 license activities.

Waste collection at 4 informal settlements remained regular during the financial year and 750 new households in Ridgeview received access to waste collection services in the 2023/2024 financial year.

The municipality continued to render excellent community services through the provision of library services in the region. The average number of library visits across the 3 libraries in the municipal area for the financial year is 2306, 373 above the targeted average.

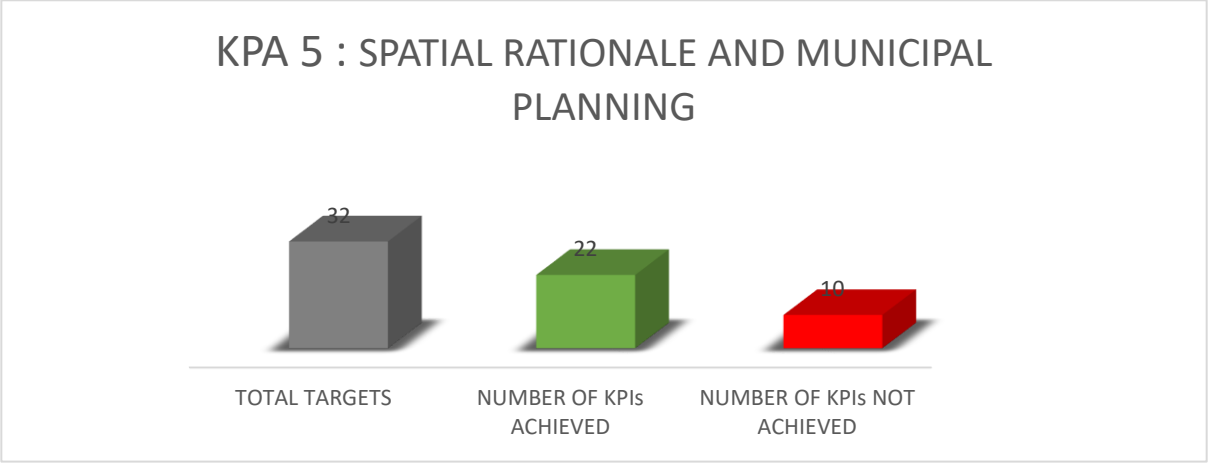
Gender Based Violence awareness campaigns did not take place as per the approved target due to budgetary and resource constraints.

Dipaleseng Local Municipality faced severe challenges in reporting on mandated services in the Infrastructure Services Department due to a high volume of critical and technical vacancies.

It was found that a high volume of indicator in the Infrastructure Services Department could not be substantiated through adequate portfolio of evidence.

9.5. KPA 5: SPATIAL RATIONALE AND MUNICIPAL PLANNING

TOTAL NUMBER OF TARGETS	NUMBER OF KPIs ACHIEVED	NUMBER OF KPIs NOT ACHIEVED	OVERALL PERCENTAGE
32	22	10	69.00%



The Municipality was unable to achieve its targets on the formalisation of informal settlements and handover of Title Deeds due to factors outside the control of the municipality. Various delays were experienced in technical studies and delays from the Department of Human Settlements.

The Integrated Development Plan of the Dipaleseng Local Municipality was reviewed and successfully adopted by the Municipal Council before 30 June 2024.

Though the LED Forum was relaunched in Quarter 1 of the 2023/024 financial year, the department was unable to convene 4 Forum meetings. The Department did, however, convene LED Forum meetings from Quarter 2 onward.

SMME and Cooperative initiatives were enhanced in the 2023/2024 financial year through the hosting of 5 capacity building workshops. The Municipality was able to register 3 SMMEs and Cooperative on the Dipaleseng Local Municipality Database during the financial year.
The Municipality successfully created 340 EPWP job opportunities in the financial year in an effort to alleviate poverty in the region.

Dipaleseng Local Municipality faced many challenges in the 2023/2024 financial year due to a high volume of vacancies.
Through effective performance and consequence management, the implementation of the approved Audit Action Plan and portfolio of evidence to corroborate achievements reported per quarter, the Municipality looks forward to improving its Performance Position in the 2024/2025 financial year.

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2023/24 AND ANNUAL REPORT

DIPALESENG LOCAL MUNICIPALITY

AUDIT AND PERFORMANCE COMMITTEE RESOLUTION REGISTER FOR 2023/24 FINANCIAL YEAR

Number of resolutions taken as at 30 June 2024	**193**
Number of resolutions implemented	**127**
Number of resolutions in progress	**49**
Number of resolutions not implemented	**17**
Percentage of implemented resolutions	**65%**

APPENDICES

Department	Item	Resolution	Responsible person	Due date	Progress made	Colour
MEETING HELD ON THE 21st of JULY 2023						
INTERNAL AUDIT UNIT	Rolling three-year strategic internal audit plan and annual program for 2023/24 financial year	**Resolved that:** ✓ The three-year strategic internal audit plan and annual program for 2023/24 financial year was considered and approved by the committee noting the limited resources in the internal audit unit**. (1)**	Chief Audit Executive	30 July 2023	**Finalized.**	
		✓ The internal audit to set aside time for Disciplinary Board meetings and Municipal Public Accounts Committee's request**. (2)**	Chief Audit Executive	30 July 2023	Hours are allocated in the approved plan. **Finalized.**	
		✓ The internal audit unit to consider including the audit on compliance with the staff regulations**. (3)**	Chief Audit Executive	2024/25 financial year	The due date has been revised due to limited resources available. **In progress.**	
		✓ The internal audit unit to consider including the audit on disaster management**. (4)**	Chief Audit Executive	2024/25 financial year	The due date has been revised due to limited resources available. **In progress.**	

		✓ The internal audit unit to also consider including the audit of Unauthorized, irregular, fruitless and Wasteful expenditure**. (5)**	Chief Audit Executive	2024/25 financial year	The due date has been revised due to limited resources available. **In progress.**	
		✓ The municipality to consider outsourcing other audits as the committee noted the limited resource in the internal audit unit**. (6)**	Chief Audit Executive	2024/2025 financial year	Not yet actioned. **In progress.**	
	Internal Audit Charter for 2023/24 financial year.	**Resolved that:** ✓ The internal Audit Charter for 2023/24 financial year be considered and approved after taking into account the following inputs and recommendations. ➢ The internal audit charter to include the Protection of Personal Information Act**. (7)**	Chief Audit Executive	31st July 2023	The Protection of Personal Information has been included on page 09 under section 10 of the Internal Audit Charter for 2023/24 financial year. **Finalized.**	
	Internal Audit Methodology for 2023/24 financial year.	**Resolved that:** ✓ The internal Audit Methodology for 2023/24 financial year was considered and approved by the committee**.(8)**	Chief Audit Executive	31st July 2023	**Finalized.**	
	Revised internal audit plan for 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee noted the revised Internal Audit Plan and condone the work done which were not initially approved so far on the revised plan**.(9)**	Chief Audit Executive	21st July 2023	**Finalized.**	

	Report on Municipal Audit Support Programme initiated by South African Local Government Associations	**Resolved that:** ✓ Report on Municipal Audit Support Programme initiated by South African Local Government Associations was noted and supported by the Audit and Performance Committee. **(10)**	Chief Audit Executive	30 July 2023	**Finalized.**	
		✓ Management executes their responsibilities in terms of the programme**. (11)**	Management	Ongoing	**In progress.**	
	Reviewed Audit and Performance Committee Charter for 2023/24 financial year.	**Resolved that:** ✓ The reviewed Audit and Performance Committee Charter for 2023/24 financial year, to include the provision of Protection of Personal Information Act**. (12)**	Chief Audit Executive	30 July 2023	The Protection of Personal Information has been included on page 05 under section 5 of the Audit and Performance Charter for 2023/24 financial year. **Finalized.**	
		✓ The reviewed Audit and Performance Committee Charter for 2023/24 financial year be submitted to Council for approval**.(13)**	Chief Audit Executive	30 July 2023	The reviewed Audit and Performance Committee Charter was approved by Council under resolution no **C239/07/2023 Finalized.**	

	Audit and Performance Committee process plan for 2023/24 financial year.	**Resolved that:** ✓ That the Audit and Performance Process for 2023/24 financial year plan be submitted to Council for approval after the following changes**:(14)**	Chief Audit Executive	30 July 2023	The Audit and Performance Process plan for 2023/24 financial year has been approved by Council under resolution **C239/07/2023**	
		✓ Alignment correctly the dates with the processes of Draft Integrated Development Plan and the Draft Budget **(15**	Chief Audit Executive	30 July 2023	**Finalized.**	
		✓ Aligning correct the dates with the processes of mid-year assessment for 2023/24 financial year**.(16)**	Chief Audit Executive	30 July 2023	**Finalized.**	
RISK MANAGEMENT UNIT	Report from the Chairperson of Risk Management Committee	**Resolved that:** ✓ Report from the Chairperson of Risk Management Committee be considered and adopted by the Committee**. (17)**	Chairperson of Risk Management Committee	30 July 2023	The report from the Chairperson of Risk Management Committee was part of Audit and Performance Committee report, presented to Council under item no: **C239/07/2023 Finalized.**	

BUDGET AND TREASURY OFFICE	4th Quarter Financial State of Affairs for 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee took note of the progress made in the finance report**. (18)** ✓ The Audit and Performance Committee adopted the finance report as presented**. (19)**	Chief Financial Officer	30 July 2023	**Finalized.**	
	4th Quarter report on cost curtailment for 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee took note of the progress made in the finance report**. (20)** ✓ The Audit and Performance Committee adopted the finance report as presented**. (21)**	Chief Financial Officer	30 July 2023	**Finalized.**	
	4th Quarter progress report on Wasteful Expenditure 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee took note of the progress made in the finance report**. (22)** ✓ The Audit and Performance Committee adopted the finance report as presented**. (23)**	Chief Financial Officer	31 July 2023	**Finalized.**	
	4th Quarter report on Indigent Register for 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee took note of the progress made in the finance report**. (24)** ✓ The Audit and Performance Committee adopted the finance report as presented**. (25)**	Chief Financial Officer	31 July 2023	**Finalized.**	

	Progress on write-off of registered Indigents 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee took note of the progress made in the finance report**.(26)** ✓ The Audit and Performance Committee adopted the finance report as presented**.(27)**	Chief Financial Officer	31 July 2023	**Finalized.**	
	4th Quarter progress report on deviations from Supply Chain Management policy for 2022/23 financial year.	**Resolved that:** ✓ The Audit and Performance Committee took note of the progress made in the finance report**.(28)** ✓ The Audit and Performance Committee adopted the finance report as presented**.(29)**	Chief Financial Officer	31 July 2023	**Finalized.**	
CORPORATE SERVICES	4th Quarter HR report (Vacancy rates, filling of positions, Signing of Contracts Sec 57 and PA)	**Resolved that:** ✓ The report from Corporate Services was considered and supported with the following input. ➢ The municipality to develop a retention strategy**. (29)**	Acting Director Corporate Services	30 June 2024	Not yet done	
	4th Quarter Litigations report for 2022/23 financial year.	**Resolved that:** ✓ The report from Corporate Services was considered and supported**. (30)**	Acting Director Corporate Services	30 September 2023	**Finalized.**	

	4th Quarter Council Resolutions implementation report.	**Resolved that:** ✓ The report from Corporate Services was considered and supported**.(31)**	Acting Director Corporate Services.	30 September 2023	**Finalized.**	
MEETING HELD ON THE 22nd of August 2023						
Budget and Treasury Office	Draft Annual Financial Statements 2022/23	**Resolved that:** ✓ The municipality to look at the opening balances**.(32)** ✓ The municipality to thoroughly look at the assets and work in progress as they form a huge part of Annual Financial Statements**.(33)** ✓ The municipality to also relook at the employee benefit obligations**.(34)** ✓ The notes in the face of the Annual Financial Statements be linked correctly to the disclosure notes**.(35)** ✓ The municipality to give brief explanation on the reduction of defined benefit obligation**.(36)** ✓ The municipality to also include the new GRAP standards**.(37)** ✓ The outstanding information, as presented by the Chief Financial Officer, be incorporates in the final Annual Financial Statement**.(38)** ✓ The updated Annual Financial Statement be presented in the special meeting to be	Chief Financial Officer	31st August 2023	The recommendations of the Audit Committee were addressed and further validation was done by Provincial Treasury on the Annual Financial Statement submitted for audit. **Finalized.**	

		held on the 27th of August 2023 @18h00**.(39)**				
OFFICE OF THE MUNICIPAL MANAGER	Draft Annual Performance Information for 2022/23 financial year	**Resolved that:** ✓ The Annual Performance Information report be reworked by including the following information**:** (a) Departmental scorecards**.(40)** (b) Acronyms of terms utilized in the report**.(41)** (c) Assessment of service providers in terms of section 46 of the Municipal Systems Act**.(42)**	Manager in the office of the Municipal Manager	27th of August 2023	Departmental score cards were included as part of Revised Annual Performance Report which included Acronyms. **Finalized.**	
		✓ Audited Annual Performance Information be submitted**. (43)**	Chief Audit Executive	27th of August 2023	The audited report was submitted as an item in the meeting that was held on the 27th of August 2023. **Finalized**.	
Budget and Treasury Office	Audit Action Plan for 2021/22 audit	**Resolved that:** ✓ The manual files in terms of the resolved findings be submitted to the Internal Audit Unit for review**. (44)** ✓ Management to put system in place to ensure proper review by Internal Audit Unit**. (45)**	Chief Financial Officer	31st August 2023	Not yet implemented. The action plan is now captured on web and the process plan to effect the recommendation to be developed. Training has been arranged on the Action plan however only BTO officials were	

					trained due to other prior commitments from other departments.	
INTERNAL AUDIT UNIT	Audit and Performance Committee Process plan for 2023/24 financial year.	**Resolved that:** ✓ The Audit and Performance Committee's process plan be adopted by the Committee**.(46)**	Audit and Performance Committee	31st of August 2023	**Finalized.**	
		✓ The Audit and Performance Committee members to align their dates to the process plan**.(47)**	Chief Audit Executive	31st August 2023	**Finalized.**	
		✓ That the Audit and Committee process plan for 2023/24 financial year be complied with**. (48)**	Audit and Performance Committee	30 June 2024	**Finalized.**	
MEETING HELD ON THE 27th of August 2023						
INTERNAL AUDIT UNIT	Internal Audit report on the Draft Annual Financial Statements 2022/23 financial year.	**Resolved that:** ✓ The Internal Audit report was considered and accepted by the Committee**.(49)** ✓ The internal Audit Comments of the Annual Financial Statement be incorporated in the revised se of Annual Financial Statements**.(50)**	Chief Financial Officer and Chief Audit Executive	31st August 2023	The recommendations of the Internal Audit were addressed. The recommendation is therefore addressed. **Finalized**.	

	Internal Audit Report on the Draft Annual Performance Report for 2022/23 financial year	**Resolved that:** ✓ The internal Audit report was considered after the following inputs were made by the Committee**:** (a) The internal audit unit to clearly indicate the methodology used to assess the Annual Performance Report, as the narrative of supported is not acceptable**.(51)** (b) The internal Audit Unit to go back and relook at their comments on achievements and submit a revise report by the following day the 28th August 2023**.(52)** **(c)** Internal Audit Unit to indicate that the reported information is supported by the reliable relevant portfolio of evidence**.(53)** (d) The internal audit unit to provide a final audit opinion of the internal control deficiencies identified during the audit**.(54)** (e) Internal Audit Unit to improve its reporting by bringing a dashboard summarizing the results of the audited Annual Performance Report**.(55)** (f) Internal Audit to provide proper recommendations, to assist management with their Performance Information and to also allow management to respond on the findings**.(56)** (g) Internal Audit unit to test evidence provided by management**.(57)**	Chief Audit Executive	31st August 2023	The revised report with all the recommended changes was send to Audit and Performance Committee on the 28th of August 2023. **Finalized.**	

Budget and Treasury Office	Draft Annual Financial Statement 2022/23 financial year	**Resolved that:** ✓ The inventory be corrected as it is still indicating the same amount for both years**.(58)** ✓ The Accounting policy on investment property be updated**.(59)** ✓ The fair value adjustment on PPE under investment property be corrected as well**.(60)** ✓ On the general information, the municipality to include a complete, contact details, which include physical and postal address. **(61)** ✓ Under general information to also include the initials of Audit and Performance Committee as per their identity documents for consistency purposes**.(62)** ✓ The committee noted that the Ledger and the Trial Balance were work in progress. ✓ The Chief Financial Officer to share comments from Provincial Treasury**.(63)** ✓ The municipality to also look at the issue of unallocated deposit under note 20 and 14**.(64)** ✓ The municipality to clear the undefined differences under electricity**.(65)** ✓ The municipality to look at Note 30 and 45 under Councillors remunerations as there are significant differences**.(66)** ✓ The disclosure note on audit fees to be align to what the Audit and Performance Committee has signed off**.(67)** ✓ Management to include the Internal Audit and Provincial Treasury's comments	Chief Financial Officer	31st August 2023	Changes were implemented in the final set of Annual Financial Statement submitted to Auditor General on the 31st August 2023. **Finalized.**	

		before submission to Auditor General on the 31st August 2023**.(68)** ✓ The committee signed off the Annual Financial Statement with a disclaimer that at the time of the meeting, the AFS were incomplete as the assets were not finalized and full assurance was with management, that submission will be done with complete information**.(69)**				
Office of the Municipal Manager	Draft Annual Performance Information for 2022/23 financial year	**Resolved that:** ✓ Management to elaborate on the reasons for deviations as limited information is provided compared to the presentation made**.(70)** ✓ Management to include reasons for deviations, where there was non achievement, because in some of the key performance indicators, where there was non achievement, there are no reasons for deviations**. (71)** ✓ Management to also include proper corrective measures, where there was nonperformance, for example, the projects will be rolled over to the new financial year**.(72)**	Manager in the Office of the MM	31st August 2023	Changes were made in the final Annual Performance Report submitted to Auditor General on the 31st August 2023. **Finalized.**	
MEETING HELD ON THE 27th of OCTOBER 2023						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	

Internal Audit Unit	Audit and Performance Resolution register for 2023/24 financial year.	**Resolved that:** ✓ The Chief Audit Executive prepare a submission for discussion with the Accounting Officer, Chief Financial Officer and Audit and Performance Committee members for possible co-sourcing of some internal audit projects**.(73)** ✓ The Budget and Treasury department to populate the actions taken to address all the issues, since the information was corrected before submission of Annual Financial Statements**.(74)** ✓ The municipality to look on all the in progress and the not yet due**.(75)** ✓ That the information be summarized in percentages, indication resolutions implemented, in -progress and not yet implemented**.(76)**	Chief Financial Officer and Chief Audit Executive	31st December 2023	The recommendation of the Audit Committee have been addressed. The Municipality has since issued a tender for the Panel of Financial Management which includes the service of the internal audit on as and when basis. **Finalized.**	
Office of Auditor General	Engagement letter for 2022/23 external audit and Audit strategy for external audit 2022/23 financial year	**Resolved that:** ✓ The Audit and Performance Committee recommended that management sign off the engagement letter and the strategy for 2022/23 audit**.(77)**	Accounting Officer and Chief Financial Officer	27th October 2023	The Engagement letter and External Audit Strategy was sign off by Accounting Officer and Chief Financial Officer. **Finalized.**	
South African Local Government Association	Presentation on Municipal Audit Support Programme	**Resolved that:** ✓ Presentation on municipal audit support programme be noted**.(78)**	Accounting Officer	27th October 2023	**Finalized**.	

Internal Audit Unit	Internal Audit reports	**Resolved that:** ✓ The internal Audit reports be adopted and be approved**. (79)** ✓ The internal audit reports were recommended for Council's consideration**. (80)**	Chief Audit Executive	31st October 2023	The internal Audit reports were submitted to Council sitting that was held on the 31st of October 2023 and were deliberated under item no: **C 255/10/23. Finalized.**	
Risk management Unit	**Risk management report**	**Resolved that:** ✓ The report from risk management be adopted and was recommended to be submitted to Council for consideration**. (81)**	Chief Risk Officer	31st October 2023	The risk management report was submitted to Council sitting that was held on the 31st of October 2023 and was deliberated under item no **C 255/10/23. Finalized.**	
Budget and Treasury Office	Finance reports	**Resolved that:** ✓ That: the municipality to provide the Unauthorized, Irregular, fruitless and wasteful expenditure reduction strategy, and the plan**.(72)**	Chief Financial Officer	31st December 2023	The recommendation will be in addressed in the next committee meeting scheduled for the 24th January 2024.	

		✓ The municipality to provide the Unauthorized, Irregular, fruitless and wasteful expenditure register, for monitoring purposes**. (73)**	Chief Financial Officer	31st August 2023	Reduction strategy and the UIF Consolidated reports will be additionally submitted to the APC.	
		✓ The municipality to include the liquidity ratios on the reports**. (74)**	Chief Financial Officer	31st August 2023	The Liquidity report will be added as an addendum on the state of Financial statements report.	
		✓ The Committee noted the low collection rate as at end of September 2023 and request the municipality to put strategies to improve the collection rate **(75)**	Chief Financial Officer	31st August 2023	The revenue enhancement report has been included in report, which outlines the activities that the Municipality will be embarking on the improve the revue collection. **In progress**	
		✓ The committee noted report on high cost of appointed service provider for assets and skills transfer to municipal employees**.(76)**	Chief Financial Officer	31st August 2023	Finalized	
		✓ The committee noted the high number of vehicles that are on break down**.(77)**	Chief Financial Officer	31st August 2023	The Municipality will be embarking on the process of procuring new fleet to replace the old obsolete vehicles.	

					The service provider who bided for the project was not responsive. **In progress**	
		✓ The committee noted the escalation of overtime**.(78)**	Chief Financial Officer	31st August 2023	The overtime item has been escalated to the Financial recovery Committee. **In progress**	
		➢ The Audit and Performance Committee resolved to consider the report and recommend it for Council's consideration**. (79)**	Chief Financial Officer	31st August 2023	Noted and accepted. **Finalized**	
Corporate Services Department	1st Quarter HR report (Vacancy rates, filling of key positions, signing of Contracts Sec 57 and PA) 2023/24 financial year.	**Resolved that:** ✓ The Audit and Performance committee recommended the report to Council for consideration**. (80)**	Acting Director Corporate Services	31st October 2023	1st Quarter HR report (Vacancy rates, filling of key positions, signing of Contracts Sec 57 and PA)2023/24 financial year was part of the Audit and Performance Committee report, discussed under item no **C 268/10/23.**	

					Finalized.	
	1st Quarter Council Resolutions implementation report 2023/24 financial year.	**Resolved that:** ✓ The Audit and Performance committee recommended the report to Council for consideration**. (81)**	Acting Director Corporate Services	31st October 2023	1st Quarter Council Resolutions implementation report 2023/24 financial year was part of the Audit and Performance Committee report, discussed under item no **C 284/10/23. Finalized.**	
	Progress or Status in Implementation of MSA Staff Regulations.	**Resolved that:** ✓ The Audit and Performance committee recommended the report to Council for consideration**. (82)**	Acting Director Corporate Services	31st October 2023	Progress or Status in Implementation of MSA Staff Regulations was part of the Audit and Performance Committee report, discussed under item no **C 269/10/23. Finalized.**	
	1st Quarter Litigations report 2023/24 financial year.	**Resolved that:** ✓ The Audit and Performance committee recommended the report to Council for consideration**. (83)**	Acting Director Corporate Services	31st October 2023	1st Quarter Litigations report 2023/24 financial year was part of the Audit and Performance Committee report, discussed under item no **C 255/10/23. Finalized**.	

APPENDICES

MEETING HELD ON THE 29 NOVEMBER 2023						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	
Auditor General	Draft Management report for 2022/23 audit	**Resolved that:** ✓ That management to take cognizance of Auditor General's recommendations of Audit of Performance Objectives**. (84)**	Accounting Officer	January 2024	Finalized	
		✓ That management to also look at findings raised by Auditor General on IDP processes as they can be dealt with quickly**. (85)**	IDP Manager	January 2024	Finalized	
		✓ That management submit progress report on Material irregularities issued by Auditor General**. (86)**	Accounting Officer	January 2024	Not yet done	
		✓ That the foreword of Executive Mayor and Municipal Manager in the Annual report to amplified and highlight the achievements, low lights, root causes for non-achievement and the remedial actions to be taken**. (87)**	Accounting Officer	January 2024	Finalized	

	Draft Audit Report for 2022/23 audit	**Resolved that:** ✓ The municipality, Audit and Performance Committee and Auditor General have a debrief session in January 2024, to improve the Audit Opinion**. (88)**	Accounting Officer and Chief Financial Officer	January 2024	Not yet done	
		✓ The municipality to provide action plan on Material irregularities**. (89)**	Accounting Officer	January 2024	Not yet done	
		✓ Capacitate the Performance Management Unit to improve on audit of performance information**. (90)**	Accounting Officer	January 2024	In progress	
		✓ Annual report for 2022/23 financial year, to be completed on time to allow required processes**. (91)**	Manager in the Office of Municipal Manager.	January 2024	The draft annual report was submitted to Council on the 31st of January 2024, under item no C **06/01/24. Finalized.**	

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MEETING HELD ON THE 23RD of JANUARY 2024						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	
Internal Audit Unit	Internal Audit Reports	**Resolved that:** ✓ Management provides detailed responses to internal Audit findings and recommendations that address the real causes**. (92)**	Chief Audit Executive	31st March 2024	In progress	
		✓ A session be arranged with the internal audit unit to review the audit methodology for improvement purposes**. (93)**	Chief Audit Executive	31st March 2024	The session between APC and IA has been referred to 4th Quarter 2024.The methodology was considered by the Committee on the 26th June 2024.**Finalized**	
		✓ The implementation dates on management responses be revised, to at least be in the current financial year**. (94).**	Chief Audit Executive	31st March 2024	Not done. Instability in the Infrastructure Department.	
		✓ The internal audit reports were approved by the Committee**. (95)**	Chief Audit Executive	31st March 2024	Finalized.	

Corporate Services	Corporate Services Department.	**Resolved that.** ✓ The Quarterly report on HR (Vacancy rates, filling of key positions, signing of contracts sec57 and PA) 2023/24 financial year be considered and accepted by the Committee.**(96)**	Acting Director Corporate Services31st	31st March 2024	**Finalized**	
		✓ 2nd Quarter Council Resolutions implementation report 2023/24 financial year was considered and supported by the committee**. (97)**	Acting Director Corporate Services	31st March 2024	**Finalized**	
Office of the Municipal Manager	Risk Management Unit	**Resolved that:** ✓ The report was not presented by the Chairperson of the Risk Management Committee, due to late submission of the report to the Committee and it was resolved that be dealt with in the next Ordinary Audit and Performance Committee meeting**.(98)**	Chief Risk Officer	31st March 2024	The report was presented in the special APC meeting held on the **23rd of February 2024.** **Finalized.**	
Budget and Treasury Office	**The adequacy, reliability, and accuracy of financial**	**Resolved that** ✓ The municipality considers the audit report in totality for the development of Audit Action Plan**. (99)**	Chief Financial Officer	31st March 2024	The audit action plan has been developed and monitored on regular basis. **In progress**	

	reporting and information	✓ The municipality to submit the audit action plan which has been drawn from the system to allow members to play their oversight and to have an integrated audit improvement plan**. (100)**	Chief Financial Officer	31st March 2024	The extract from the from the web based will be submitted to the audit committee for monitoring in the next meeting. **In progress.**	
		✓ Management to relook at the previous year's findings and aged them properly, in terms of the number of months remained unresolved**. (101)**	Chief Financial Officer	31st March 2024	The audit action plan has been developed and monitored on regular basis. **In progress**	
		✓ Management to align internal auditor's recommendations on UIFW to Auditor General's findings in a single dashboard. The findings be segmented accordingly by considering root cause analysis and current controls. **(102)**	Chief Financial Officer	31st March 2024	The audit action plan has been developed and monitored on regular basis **In progress**	
		✓ Audit action plan to contain all audit findings**. (103)**	Chief Financial Officer	31st March 2024	The audit action plan has been developed and monitored on regular basis. **In progress**	

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MEETING HELD ON THE 25of JANUARY 2024						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	
Office of the Municipal Manager	Draft Annual Report for 2022/23 financial year.	**Resolved that:** ✓ The municipality to update the information**. (104)** ✓ The Executive Mayor to indicate her analysis of governance within the municipality**. (105)** ✓ The municipality to look at Circular 11 in terms of the requirements on Annual Report**. (106)** ✓ The Accounting officer to include the processes related to the staff regulations in his foreword**. (107)** ✓ The Accounting Officer to include Risk Management and Anti-Fraud Committee in his foreword**. (108)** ✓ The Accounting Officer to also include issues related to ICT**. (109)** ✓ The municipality to also include the Audit Action Plan in chapter 6**. (110)** ✓ The municipality to do proper alignment of the report, in terms of formatting**, (111)**	Manager in the Office of the Municipal Manager.	31st March 2024	Committee's comments were incorporated in the final Annual Report.	

		✓ The municipality can consider applying section 133(1)(a) to minimize the risk on non-compliance with tabling and submission the Annual Report for 2022/23 financial year. **(112)** ✓ The municipality to start implementing consequence management policy (in a positive way) to assist management**. (113)**				
Internal Audit Unit	Internal Audit Reports	**Resolved that:** ✓ A plan of action be developed by the municipality to improve the performance**. (114)**	Chief Audit Executive	31st March 2023	The affected departments are requested to develop performance improvement plan by the Accounting Officer on a quarterly basis.	
		✓ The municipality with the Committee to engage on the root cause of underperformance**. (115)**	Chief Audit Executive	31st March 2023	Not yet done	
		✓ ✓ The Audit and Performance Committee to process two set of agenda, namely. **(116)** ✓ The agenda with irregularities items ✓ Agenda with Performance Management System	Chief Audit Executive	31st March 2023	The agenda are now divided into 2 parts. **Finalized.**	
		✓ The committee to review its process plan to accommodate resolution number (**116)**	Chief Audit Executive	31st March 2023	In progress	

		✓ The internal audit reports were approved by the committee**. (117)**	Chief Audit Executive	31st March 2023	**Finalized.**	
MEETING HELD ON THE 23rd of FEBRUARY 2024						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	
Budget and Treasury Office	**Adjustment budget for 2023/24 financial year**	**Resolved that:** ✓ That management submit the plans to improve Revenue levels in the next Audit and Performance Audit Committee meeting for reviewing and monitoring**. (118)**	Chief Financial Officer	28 February 2024	The revenue enhancement report has been included in report, which outlines the activities that the Municipality will be embarking on the improve the revue collection. **Finalized**	
		✓ That management submit the SALGA support program on Revenue Management to the Audit and performance Committee meeting**. (119)**	Chief Financial Officer	28 February 2024	The report will be submitted separately in the meeting. In progress	

		✓ The adjustment budget be recommended to Council for approval**. (120)**	Chief Financial Officer	28 February 2024	The revised adjustment budget was submitted to Council meeting held on the 27th February 2024 under item **no: C76/02/24. Finalized**	
Office of the Municipal Manager	**Adjustment Service Delivery and Budget Implementation plan for 2023/24 financial year**	**Resolved that:** ✓ That the Office of the Premier be consultant in relation to the adjustment**. (121)**	28 February 2024	Manager in the office of the Municipal Manager	In progress	
		✓ To ensure that the adjusted Service Delivery and Budget Implementation Plan meet the SMART criteria**. (122)**	28 February 2024	Manager in the office of the Municipal Manager	Finalized	

		✓ The report on proposed adjustments on service delivery and Budget Implementation plan for 2023/24 financial year be supported for approval by Council**/ (123)**	28 February 2024	Manager in the office of the Municipal Manager	The report on performance adjustment on service delivery and budget implementation plan was submitted to Council meeting held on the 27th of February 2024 under item no:**C73/02/24**	
Risk management unit	**Risk management report**	**Resolved that:** ✓ That the risk management report be submitted to Council for acknowledgment and consideration**. (124)**	28 February 2024	Chief Risk Officer	The risk management report was submitted to Council meeting held on the 27th of February 2024, under item no **C74/02/2024**	
MEETING HELD ON THE 12th OF APRIL 2024						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	**Colour**
Internal Audit Unit	**Internal audit reports**	✓ Proper coordination between the work of Auditor General and the work of Internal Audit unit be done, before external audit takes place, to avoid duplication of efforts**.(125)**	Chief Audit Executive	30 June 2024	Not yet done	

		✓ Management needs to support the Audit of Audit Action plan by ensuring that relevant and sufficient portfolio of evidence is provided**.(126)**	Chief Audit Executive	30 June 2024	In progress	
		✓ Auditor General's findings needs to be categorized in terms of short- and long-term actions.(**127)**	Chief Audit Executive	30 June 2024	In progress	
		✓ The Internal Audit reports were approved by the Committee**.(128)**	Chief Audit Executive	30 June 2024	**Finalized.**	
Planning and Economic Development	**Draft Integrated Development Plan for 2024/25 financial year**	✓ The process Strategic Risk Assessment must be conducted parallel to the IDP planning processes.(**129)**	IDP Manager	30 May 2024	**Finalized**	
		✓ The municipality to ensure that all policies are reviewed as expected**.(130)**	IDP Manager	30 May 2024	**Finalized**	

		✓ The management to ensure that new policies are developed, and bylaws develop, and existing policies are reviewed**. (131)**	IDP Manager	30 May 2024	**Finalized**	
		✓ Additional comments will be forwarded to the municipality by the Committee, within 10 working days**.(132)**	Chief Audit Executive	30 May 2024	**Finalized**	
		✓ That the final reports, post public consultation be submitted to the APC with comments for oversight**. (133)**	Chief Audit Executive	30 May 2024	Not done	
Budget and Treasury Office	**Draft budget for 2024/25 financial year.**	**Resolved that:** ✓ Management to interrogate its assumptions of the budget, based on past performance and future performance be considered**. (134)**	Chief Financial Officer	30 May 2024	The Budget has been approved by Council and Approved to National and Provincial Treasury for validation. **Finalized**.	
		✓ That adequate budget be made available on water challenges as per the resolution of the water summit conducted by the minister of water and sanitation**. (135)**	Chief Financial Officer	30 May 2024	The Budget has of R6 Million has been made for water maintenance hence EWART has been appointed and funded partly by MIG. **Finalized**	

		✓ Total expenditure amount be indicated separately**. (136)**	Chief Financial Officer	30 May 2024	**In progress**	
		✓ Ensure indigent register be updated**. (137)**	Chief Financial Officer	30 May 2024	The indigent register has been updated and included in the APC Agenda. **Finalized**	
		✓ The municipality to engage the ERWAT a municipal wastewater entity of Ekurhuleni Metropolitan Municipality for technical assistance, with the green drop measures, laboratory service and possible service level agreement on the operation of the waste treatment works and training for period to be agreed upon between the parties**.(138)**	Chief Financial Officer	30 May 2024	ERWART has been appointed. **Finalized**	
		✓ The committee considered the draft budget for 2024/25 financial year**.(139)**	Chief Financial Officer	30 May 2024	The Budget has been approved by the Council. **Finalized**	
		✓ That additional comments on the budget and draft policies be submitted to the CFO within ten (10) days**.(140)**	Chief Financial Officer	30 May 2024	Nothing received from the APC. **Finalized**	

Budget and Treasury Office	**3rd Quarterly section 52(d) report on Financial State of affairs of the municipality**	**Resolved that:** ✓ The municipality to ensure that the value chain on revenue collection is effective to improve revenue collection**.(141)**	Chief Financial Officer	30 June 2024	The revenue enhancement report has been included in report, which outlines the activities that the Municipality will be embarking on the improve the revenue collection. **In progress**	
		✓ That Management ensure cost containment measures are adhered to**.(142)**	Chief Financial Officer	30 June 2024	In progress	
	3rd Quarter progress report on cost curtailment for 2023/24 financial year.	**Resolved that:** ✓ The municipality indicates which departments contribute to the items on cost curtailment**. (143)**	Chief Financial Officer	30 June 2024	The report on Cost Curtailment has been included. **Finalized**	
		✓ The municipality to implement proper fleet management**. (144)**	Accounting Officer	30 June 2024	In progress	
		✓ The municipality conducts fraud awareness to on possible abuse of leave. (**1 45)**	Chief Risk Officer	30 June 2024	The review will be conducted during operational risk assessment exercise. **In progress**	
		✓ Internal Audit and Risk Unit to conduct an Ad hoc review on the fuel expenditure for	CAE and CRO	30 June 2024	The review will be conducted during	

		assurance to examine the controls owing to the excessive December 2023 fuel cost**.(146)**			operational risk assessment exercise.	
	3rd Quarterly report Supply Chain Management/ Procurement Deviation Report (2023/24)	**Resolved that:** ✓ That the report be adopted **(147)**	Chief Financial Officer	30 June 2024	**Finalized.**	
	3rd Quarter Supply Chain Management / Procurement Deviations Report (2023/24 financial year)	✓ That the report be adopted **(148)**	Chief Financial Officer	30 June 2024	**Finalized.**	
	3rd Quarter report on Unauthorized, Irregular, fruitless and Wasteful Expenditure (2023/24 financial year.	**Resolved that:** ✓ The municipality to ensure that the arrangement with Eskom is complied with**.(149)**	Chief Financial Officer	30 June 2024	Eskom did not agree on the payment plan, however the agreement to has been reached to put the small accounts on Auto Pay. **In progress**	

		✓ The committee resolved that the report be adopted.**(150)**	Chief Financial Officer	30 June 2024	**Finalized.**	
	3rd quarter report on the status of the indigent register for the period ended 31 March 2024.	**Resolved that:** ✓ That the indigent report be considered for the 3rd quarter.**(151)** ✓ That the controls on the indigent registration be monitored stringently.**(152)**	Chief Financial Officer	30 June 2024	**Finalized.**	
MEETING HELD ON THE 17th OF APRIL 2024						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	**Colour**
	3rd Quarter HR report (Vacancy rates, filling of key positions, Signing of Contracts Sec 57 and PA)	✓ The report be enhanced by including, report on exit interview conducted by the municipality.**(153)**	Acting Director Corporate Services	30 June 2024	During the quarter under review no exit interview were conducted. **Finalized.**	
		✓ The report be enhanced by including the levels of position within the municipality**. (154)**	Acting Director Corporate Services	30 June 2024	Not yet done and the resolution will be implemented.	

	(2023/24) financial year.	✓ The report be linked to Key Performance indicators for performance assessment purposes**. (155)**	Acting Director Corporate Services	30 June 2024	Not yet done and the resolution will be implemented.	
		✓ The report includes comparative information, to see improvements on each activity**. (156)**	Acting Director Corporate Services	30 June 2024	Not yet done and the resolution will be implemented.	
		✓ The committee requested the chairperson to highlight its concerns to council on the slow filling of critical positions**. (157)**	APAC Chairperson	30 June 2024	The report presented to Council meeting held on the 23rd of April 2024 incorporated the recommendations of the APC regarding the filling of critical positions	
		✓ The Audit and Performance Committee resolved that the **3rd** Quarter HR report (Vacancy rates, filling of key positions, Signing of Contracts Sec 57 and PA) (2023/24) financial year, be noted**.(158)**	Acting Director Corporate Services	30 June 2024	**Finalized.**	
	3rd Quarter Council Resolutions	**Resolved that:** ✓ The Audit and Performance Committee resolved that the 3rd Quarter Council	Acting Director Corporate Services	30 June 2024	Finalized	

	implementation report 2023/24 financial year	resolution register on the 3rd Quarter report (2023/24) financial year, be adopted(**159)**				
	Progress or Status in Implementation of MSA Staff Regulations	**Resolved that:** ✓ The report includes percentages of the work done so far**. (160)**	Acting Director Corporate Services	30 June 2024	Not yet done	
		✓ The Audit and Performance Committee resolved that the Progress or Status in Implementation of MSA Staff Regulations, be considered**. (161)**	Acting Director Corporate Services	30 June 2024	Finalized	
	Report on Skill Audit for 2023/24 Financial Year.	**Resolved that:** ✓ The municipality to look at pipeline skills gap for a department e.g. trade test, artisan etc**.(162)**	Acting Director Corporate Services	30 June 2024	Work in progress The Municipality has partnered with Gert Sibande College to provide trade test for Electrician	
		✓ The municipality identifies other risk relating to technical aspects e.g. compliance with green and blue drop standards**.(163)**	Acting Director Corporate Services	30 June 2024	Work in progress The Municipality has partnered with ERWAT to train the process controllers	

		✓ The skills development plan be submitted in the next meeting**.(164)**	Acting Director Corporate Services	30 June 2024	The WSP will be submitted in the next meeting. **In progress**	
		✓ The Audit and Performance Committee resolved that the skills audit report, be adopted. **(165)**	Acting Director Corporate Services	30 June 2024	Finalized	
Municipal Manager's Office	**Risk Management Anti-Fraud Anti-Corruption and ICT Management Report**	**Resolved that:** ✓ That the risk management report be adopted**.(166)**	Chief Risk Officer	30 June 2024	Finalized	
		✓ That the accounting officer appoint risk champions in each department depending on the finalization of the appointment of senior managers**.(167)**	Chief Risk Officer	30 June 2024	In progress	
		✓ That the progress on the ICT risk mitigation be noted**.(168)**	Chief Risk Officer	30 June 2024	In progress	
		✓ That adequate budget be provided for ICT in the new financial year**.(169)**	Chief Financial Officer	30 June 2024	In progress	

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MEETING HELD ON THE 26th JUNE 2024						
Department	**Item**	**Resolution**	**Responsible person**	**Due date**	**Progress made**	**Colour**
Office of the Municipal Manager(Risk Management Unit)	**Strategic Risk assessment report for 2024/25 financial year**	**Resolved that:** ✓ To provide a space for Audit and Performance Audit committee to support the adoption of the report by Council**.(170)**	Chief Risk Officer	30 June 2024	Strategic risk assessment report has been amended as recommended by the APAC. Finalized.	
		✓ The report is adopted by Committee and will be submitted to Council for approval. **(171)**	Chief Risk Officer	30 June 2024	The report is awaiting council sitting for approval.	
Office of the Municipal Manager(Internal Audit Unit)	**Draft three year risk based plan and internal programme for the 2024/25 financial year.**	✓ . That the plan to include Provincial Treasury's recommendations**.(172)**	Chief Audit Executive	30 June 2024	In progress	
		✓ The number of hours allocated for study leave, be aligned the approved leave management policy**.(173)**	Chief Audit Executive	30 June 2024	In progress	
		✓ The family leave be also taken into consideration**.(174)**	Chief Audit Executive	30 June 2024	In progress	
		✓ The follow up on audit action plan be done more than once in a year because of its importance**.(175)**	Chief Audit Executive	30 June 2024	In progress	

		✓ The process plan on the audit of performance information be limited to at least 15 days to accommodate the Budget and Treasury Office**.(176)**	Chief Audit Executive	30 June 2024	In progress	
		The last recommendation be rephrase to adoption of the report, not noting**(177)**	Chief Audit Executive	30 June 2024	In progress	
	Reviewed internal audit charter for 2024/25 financial year	✓ The Committee be referred to APAC- Audit and Performance Audit Committee**.(178)**	Chief Audit Executive	30 June 2024	In progress	
		✓ The charter to include a paragraph that say, we are in progress in implementing the total global new standards**.(179)**		30 June 2024	In progress	
		✓ That the reviewed internal audit charter for 2024/25 financial year be approved**(180)**		30 June 2024	In progress	
	Internal audit methodology	**Resolved that:** ✓ To align the glossary to Dipaleseng Local Municipality**.(181)**	Chief Audit Executive	30 June 2024	In progress	

	for 2024/25 financial year.	✓ A day be dedicated to formally present the methodology with other internal audit strategic documents**.(182)**	Chief Audit Executive	30 June 2024	In progress	
		✓ The Internal audit methodology for 2024/25 financial year be approved**.(183)**	Chief Audit Executive	30 June 2024	**Finalized**.	
		✓ The approved internal audit methodology be further submitted to Council for adoption**.(184)**	Chief Audit Executive	30 June 2024	In progress	
	Reviewed Audit Performance and Audit Committee Charter for 2024/25 financial year.	**Resolved that:** ✓ The quorum be changed to a number**.(185)**	Chief Audit Executive	30 June 2024	The quorum for the meeting has been changed from 50 + 1 to 3 members on paragraph 8.1 on page 7. **Finalized**	
		✓ The Internal Audit Charter to also indicate the evaluation of internal audit unit**.(186)**	Chief Audit Executive	30 June 2024	Internal Audit Unit is included as part of evaluation on paragraph 6.4 on page 8 **Finalized**.	

		✓ The charter to refer to Audit and Performance Audit Committee**.(187)**	Chief Audit Executive	30 June 2024	The Audit and Performance Committee, has been rephrased to Audit and Performance Audit Committee in the whole document. **Finalized.**	
		✓ To correct the IT terminology to ICT**.(188)**	Chief Audit Executive	30 June 2024	Paragraph 7.7 was corrected to ICT on page 15. **Finalized.**	
		✓ Paragraph 8 reasons be provided for a member not attended 3 consecutive meeting**.(189)**	Chief Audit Executive	30 June 2024	The sentence was rephrased on page 16 of the charter. **Finalized**	
		✓ Meeting be called by the Chairperson, in consultation with the APAC members and the Accounting Officer**.(190)**	Chief Audit Executive	30 June 2024	6. The sentence was rephrased on page 16 of the charter. **Finalized.**	

		✓ The Audit and Performance Audit Committee considered the Charter for 2024/25 financial year**.(191)**	Chief Audit Executive	30 June 2024	The charter was considered by APAC in the meeting held on the 26th June 2024. **Finalized.**	
		✓ The Audit and Performance Audit Committee to further submit the charter to Council for approval**. (192)**	Chief Audit Executive	30 June 2024	The charter will be submitted to Council for an Ordinary meeting planned for July 2024. **In progress**	
	Audit and Performance Audit Committee process plan for 2024/25 financial year.	The process plan be put on hold until other plans are finalized**.(193)**	Chief Audit Executive	30 June 2024	In progress	

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ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2024

1. INTRODUCTION

It is a pleasure to submit the Annual report of the Audit and Performance Audit Committee (APAC) for the year ended 30 June 2024.

2. BACKGROUND

Dipaleseng Local Municipality is a grade 2, which consist of Balfour, Siyathemba, Grootvlei, Ntorwane and Greylingstad. Dipaleseng Local Municipality has a single Audit Committee and Performance Audit Committee, which has been established in terms Municipal Finance Management Act no 56 of 2003 section 166

3. LEGAL FRAMEWORK GOVERNING THE AUDIT AND PERFORMANE COMMITTEE

3.1 Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended) (MFMA) requires from each municipality to have an audit committee.

3.2 In terms of section 166(2)(a) of the MFMA the audit committee is an independent advisory body which must "amongst others" advise the municipal council on matters relating to-

i. Internal financial controls and internal audits;
ii. risk management;
iii. accounting policies;
iv. the adequacy, reliability and accuracy of financial reporting and information;
v. performance management;
vi. effective governance;
vii. compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
viii. performance evaluation; and
ix. any other issues referred to it by the municipality.

3.3 In addition sections 166(2)(b), (c), (d) and (e) require from the committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General (South Africa) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

3.4 In terms of Local Government Municipal Planning and Performance Regulations, *A* municipality may utilise any audit committee established in terms of other applicable legislation as the performance audit committee envisaged in paragraph (a), in which case the provisions of this sub regulation, read with the necessary changes, apply to such an audit committee.

Dipaleseng Local Municipality has resolved to comply with said section of the regulation by establishing Performance Audit Committee through the Audit Committee. The joint committee is referred as Audit and Performance Committee.

4. GOVERNANCE OF THE COMMITTEE

4.1 All members of the Audit and Performance Committee are non-executive members and all of them were appointed on the 01st October 2021.All meetings of the committee were held in accordance with the charter of the committee as approved by Council. The annually revised charter for the committee has been approved by Council. The Chief Audit Executive reports operationally to the Municipal Manager and functionally to the Audit and Performance Committee.

4.2 The APAC comprised the following independent non-executive members who have the requisite and relevant skills and experience to fulfil audit committee's duties. The following table depicts the current Audit and Performance Audit Committee members and attendance thereof.

Name	Position	Number of meetings attended										
		21/07/23	22/08/23	27/08/23	27/10/23	29/11/23	23/01/24	25/01/24	23/02/24	12/04/24	17/04/24	26/06/24
Ms S.J Masite	Chairperson	X	x	x	x	x	x	x	x	x	x	x
Mr. L Langalibalele	Member	X	x	x	x	x	x	x	x	x	x	x
Mr. D Thwala	Member	X	X	x	x	x	x	x			x	x
Mr S Mofokeng	RAMFACC - Chairperson	X	X	x	x	x	x	x	x	x	x	x

X	attended
	Not attended

The following, although not members of the Audit and Performance Audit Committee, have standing invitation to Committee meetings:

- The Accounting Officer;
- The Chief Financial Officer;
- The Section 56 Managers/Departmental Heads;
- Chief Audit Executive;
- Chief Risk Officer
- The Auditor- General; (as and when required) and
- The Provincial Treasury

The members of the Audit and Performance Audit Committee also held meetings with the municipal manager as the accounting officer, council of the municipality, the chairperson of risk, senior management of the municipality, the internal audit function and the Auditor-General, collectively and individually, on matters related to governance, internal control, performance, financial information, risk and other relevant matters concerning the municipality.

4.3 Risk Management, Anti-Fraud and Anti-Corruption Committee as the name indicates, is a management committee chaired by an independent Chairperson, who also form part of the Audit and Performance Committee to guide and advise management.

4.4 There were no appointments and resignations during the financial year.

5. INTERNAL CONTROLS

Effectiveness of Internal Controls

The system of internal control was not entirely effective during the year under review as compliance with prescribed policies and procedures were lacking in certain instances.

The following reports are among others that were presented to the Audit and Performance Audit Committee by management.

- Audit of quarterly performance information;
- Midyear assessment report.
- Budget performance and management
- Supply chain management;
- Governance;
- Human resources reports,

- IDP

The Audit and Performance Audit Committee is concerned that in certain instances the matters reported by the Auditor-General and the internal audit function in prior years have not been fully and satisfactorily addressed.

Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies.

6. INTERNAL AUDIT

The Internal Audit of the Dipaleseng Local Municipality is in-house and has discharged its mandate in terms of its charter and managed to execute 64% of the projects as per the 2023/24 Annual Plan. All Internal Audit activities were completed in-house. The committee also believes that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.The Audit and Performance Committee would like to commend the Council and management for the dedication in strengthening the Corporate Governance.

The Audit and Performance Committee is of the opinion that the Internal Audit unit is operating effectively to meet its mandate and has considered the risk pertinent to the municipality in its audit plans.

The following documents were approved by the Audit and Performance Committee and recommended to Council for adoption:

- Internal Audit charter
- Internal Audit methodology
- Internal Audit Risk Based Plan
- Three Year Rolling Strategic and Annual Audit Plan

7. RISK MANAGEMENT

The Risk Management unit consist of 1 person which is the Chief Risk Officer. The Risk Management Committee and Audit and Performance committee have assisted the Accounting Officer to execute his risk responsibilities.
From the various reports received, the Audit and Performance Committee is satisfied that the risk management processes were adequately designed although not effectively and efficiently implemented in some instances.
Further, the committee acknowledges the progress made in risk management processes which improved the risk management of the municipality.

8. PERFORMANCE MANAGEMENT

Part of the responsibilities of the Audit and Performance Audit Committee includes the review of performance management. The committee has in terms of the performance of the municipality reviewed the functionality of the performance management system and it appears to be effective as Auditor General had more findings relating to Annual Performance Report.
The Audit and Performance Audit Committee noted that Management has developed a performance management framework and policy which was approved by Council.
The Internal Audit Unit, in terms of the MFMA/MSA regulations on a quarterly basis audited the reported performance information. All system weaknesses reported were brought to the attention of the Accounting Officer.

The Audit and Performance Audit Committee has also noted the non-compliance with Section 46(a)(i) of the Municipal Systems and related regulation and circulars, as no report on evaluation of service providers was not submitted to the Audit Committee which the committee raises a concern.

The quarterly performance reports submitted by management during the year were also reviewed by the Committee.

9. Evaluation of Annual Financial Statements

The Audit and Performance Committee, has on its meeting held on the 27th August 2024 discussed the draft annual financial statements and unaudited annual report with the Accounting Officer and senior management, before submitting to the Auditor General. The Audit and Performance Committee wishes to indicate that it performed a review on the financial statements focusing among others on:

- Significant financial reporting adjustments and estimates contained in the Draft Annual Financial Statements.
- Clarity and completeness of disclosures.
- Quality and acceptability of and any changes in accounting policies and practice.
- Significant adjustments arising from the audit.
- Reasons for major year to year fluctuations; and
- Reinstatement of prior year amounts.

The Audit and Performance Audit Committee reviewed and considered the Draft Annual Financial Statements for the financial year ended 30 June 2024.

10. COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION

The Audit and Performance Committee recommended improvement to the system implemented by management to monitor compliance with applicable laws and regulations to ensure reliability. The Audit and Performance Committee also noted that compliance in some instances is not being addressed in a timely manner. However, the Risk Management, Anti-Fraud and Anti-Corruption Committee as a sub-committee of the Audit and Performance Committee, assisted the Audit and Performance Committee in tracking the progress by management in this regard.

11. AUDITOR GENERAL'S REPORT

The Audit and Performance Audit Committee has:

- Discussed and adopted the Auditor-General's report and management report and management responses thereof.

Consideration of the Final AGSA Audit report

The Audit and Performance Audit Committee concurs and accepts that the conclusions of the Auditor-General on the Annual Financial Statements and Annual Performance Report.

The Audit and Performance Audit Committee recommends that:

- The Municipality develop PAAP that reflects the root cause analysis, which should be monitors duly by management and Executive Mayor per section 131 of MFMA, quarterly reviewed by Internal Audit Function and APAC.
- Internal Audit Function assess the implementation of the Post Audit Action Plan.
- Submission of progress report to council on the implementation of actions to resolve AG findings on quarterly basis.
- Consequence management be implemented where there has been negligence or non-submission of information timely.

12. APPRECIATION

APPENDICES

The Audit and Performance Audit Committee acknowledges the co-operation and assistance by the Dipaleseng Local Municipality for coordinating the activities of the Committee. The Committee further acknowledges the commitment towards governance by the Honourable Speaker, Executive Mayor, Accounting Officer, Chief Financial Officer and Senior Management and further express gratitude to the Chief Audit Executive and her staff for the support and commitment to the work of the Committee.

The Audit and Performance Audit Committee remains confident that if all matters raised by the Internal Audit and Auditor-General can receive due consideration and intervention, the audit opinion will improve.

Audit and Performance Audit Committee is committed to fully execute our assurance and oversight function to strengthening Corporate Governance.



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Ms. SJ. Masite, CIA, CMIIA,CFE, CICP

Chairperson of the Audit and Performance Audit Committee

Date_____

APPENDICES

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

none

APPENDIX I – MUNICIPAL ENTITY

None

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

None

APPENDIX I: REVENUE COLLECTION PERFROMANCE BY VOTE

Revenue Performance by Vote

R' 000

Vote Description	2020/21	Current: 2021/22			Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - EXECUTIVE AND COUNCIL	80,757,000	83,983,000	83,983,000	29,700,000	183%	183%
Vote 2 - FINANCIAL AND ADMINISTRATION	68,760,000	74,727,000	77,731,000	77,334,000	-3%	1%
Vote 3 - COMMUNITY SERVICES	245,000	269,000	269,000	190,000	42%	42%
Vote 4 - DEVELOPMENT AND PLANNING	18,503,000	19,678,000	19,678,000	9,056,000	0%	117%
Vote 5 - SPORTS AND RECREATION	-	-	-	-	0%	#DIV/0!
Vote 6 - ROADS	-	-	-	-	#DIV/0!	#DIV/0!
Vote 7 - PUBLIC SAFETY	10,556,000	9,137,000	8,363,000	5,109,000	79%	64%
Vote 8 - WASTE MANAGEMENT	8,996,000	8,647,000	9,485,000	9,468,000	-9%	0%
Vote 9 - WATER WASTE MANAGEMENT	82,266,000	22,998,000	22,998,000	24,943,000	-8%	-8%
Vote 10 - WATER	23,290,000	25,028,000	25,039,000	48,947,000	-49%	-49%
Vote 11 - ELECTRICITY	88,702,000	109,653,000	109,903,000	109,874,000	0%	0%
Example 12 - Vote 12	-	-	-	-	0%	-
Example 13 - Vote 13	-	-	-	-	0%	-
Example 14 - Vote 14	-	-	-	-	0%	
Example 15 - Vote 15	-	-	-	-	0%	
Total Revenue by Vote	**382,075,000**	**354,120,000**	**357,449,000**	**314,621,000**	**#DIV/0!**	**#DIV/0!**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table *T K.1*

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDICES

Revenue Collection Performance by Source						R '000
Description	2020/21	Current: 2021/22			Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	31,731	33,418	33,418	33,493	0%	0%
Property rates - penalties & collection charges	–	–	–	–	0%	0%
Service Charges - electricity revenue	61,739	73,472	73,679	70,980	3%	0%
Service Charges - water revenue	23,272	25,009	25,020	23,386	6%	0%
Service Charges - sanitation revenue	21,266	22,998	22,998	22,979	0%	0%
Service Charges - refuse revenue	7,226	7,162	8,000	8,577	-20%	0%
Service Charges - other	–	–	–	–	0%	0%
Rentals of facilities and equipment	272	289	289	265	8%	9%
Interest earned - external investments	413	604	204	221	63%	0%
Interest earned - outstanding debtors	36,583	38,019	41,015	41,971	-10%	-2%
Dividends received	–	–	–	–	#DIV/0!	
Fines	1,629	521	156	138	74%	13%
Licences and permits	5,540	7,500	7,500	4,575	0%	0%
Agency services	–	–	–	–	#DIV/0!	#DIV/0!
Transfers recognised - operational	98,171	90,321	90,321	50,620	44%	78%
Other revenue	4,683	4,328	4,371	2,626	39%	66%
Gains on disposal of PPE					0%	0%
Enviromental Proctection						
Total Revenue (excluding capital transfers and contributions)	**292,525**	**303,641**	**306,971**	**259,831**	**-16.86%**	**-18.14%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the						*T K.2*

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

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

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

Capital Expenditure - New Assets Programme*							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3

Capital expenditure by Asset Class							
Infrastructure - Total	–	–		–	–	–	–
Infrastructure: Road transport - Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management							
Transportation							
Gas							
Other							
Community - Total	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

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Capital Expenditure - New Assets Programme*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	–	–		–	–	–	–
Buildings							
Other							
Investment properties - Total	–	–		–	–	–	–
Housing development							
Other							
-							
Other assets	–	–		–	–	–	–
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	–	–		–	–	–	–
List sub-class							
Biological assets	–	–		–	–	–	–
List sub-class							
Intangibles	–	–		–	–	–	–

Computers - software & programming							
Other *(list sub-class)*							
Total Capital Expenditure on new assets	–	–		–	–	–	–
Specialised vehicles	–	–		–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

** Note: Information for this table may be sourced from MBRR (2009: Table SA34a)* *T M.1*

Capital Expenditure - Upgrade/Renewal Programme* R '000							
Description	**Year -1**	**Year 0**			**Planned Capital expenditure**		
	Actual	**Original Budget**	**Adjustment Budget**	**Actual Expenditure**	**FY + 1**	**FY + 2**	**FY + 3**
Capital expenditure by Asset Class							
Infrastructure - Total	–	–		–	–	–	–
Infrastructure: Road transport - Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management							
Transportation							
Gas							

Other							
Community	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	–	–		–	–	–	–
Buildings							
Other							

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Capital Expenditure - Upgrade/Renewal Programme*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	–	–		–	–	–	–
Housing development							
Other							
Other assets	–	–		–	–	–	–
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							

Other Buildings Other Land Surplus Assets - (Investment or Inventory) Other							
Agricultural assets	–	–		–	–	–	–
List sub-class							
Biological assets	–	–		–	–	–	–
List sub-class							
Intangibles	–	–		–	–	–	–
Computers - software & programming Other *(list sub-class)*							
Total Capital Expenditure on renewal of existing assets	–	–		–	–	–	–
Specialised vehicles	–	–		–	–	–	–
Refuse Fire Conservancy Ambulances							

** Note: Information for this table may be sourced from MBRR (2009: Table SA34b)* *T M.2*

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

None

APPENDIX N – CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: 2020/21
R' 000

APPENDICES

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
"Project C"				#DIV/0!	#DIV/0!
Sanitation/Sewerage					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Electricity					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Housing					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Refuse removal					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Stormwater					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Economic development					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Sports, Arts & Culture					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
ROADS					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Health					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Safety and Security					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
ICT and Other					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD

Capital Programme by Project by Ward: 2020/21 R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Housing		
Refuse removal		
Stormwater		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		

ICT and Other		
		T O

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

None

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

Service Backlogs Experienced by the Commmunity 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**
Clinics:		
	n/a	n/a
Housing:		
	35%	increase in infromal dwellings
Licencing and Testing Centre:		
	n/a	n/a
Reseviors		
	n/a	n/a
Schools (Primary and High):		
	n/a	n/a
Sports Fields:		
	n/a	n/a
		T Q

APPENDICES

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

None

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

None

APPENDIX T – PRESEDENTIAL OUTCOME FOR LOCAL GOVERNMENT

None

APPENDIX U: ANNUAL PERFORMANCE REPORT 2021/22 FINANCIAL YEAR

SEE ATTACHED.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

SEE ATTACHED.