

2020/21

ANNUAL
REPORT

THEMBELIHLE MUNICIPALITY



Chapter 1

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COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

a. Introduction

It gives me great pleasure to present Thembelihle Local Municipality's 2020/2021 Annual Report covering the period 1 July 2020 to 30 June 2021. This report tracks the Municipality's operational performance in the context of the priorities reflected in its approved 2020/21 Integrated Development Plan (IDP) and 2020/21 Service Delivery and Budget Implementation Plan (SDBIP).

In this Annual Report, the municipality presents its achievements, challenges faced during the financial year against the strategic objectives as set out in the IDP and SDBIP.

b. Vision:

"Providing quality services through good relations and sound management".

The 2020/21 financial year marked the end of the 5-year term of office for the current municipal council. The council remained focused on addressing the 5 developmental local government key performance areas, viz.:

- Infrastructure and Service Delivery:
- Institutional Transformation and Development
- Local Economic Development and Planning
- Financial Viability
- Good Governance & Public Participation.

The municipality continues to face severe challenges with regards to its finances, despite this we remain positive that change will come in the near future. In the interim, we as a municipality will continue to stand united notwithstanding the challenges we face on a daily basis. It is against that backdrop that we announce that the municipality achieved a qualified audit opinion for the second consecutive year and moving away from previous disclaimer, however we renewed our strive towards an improved qualified audit opinion in near future.

Similar to most municipalities throughout South Africa, Thembelihle Local Municipality also faces challenges with regards to unemployment, poverty and inequality. In this regard the council continues to prioritize job creation especially through the Expanded Public Works Programme (EPWP) projects

c. Mission

A municipality focused on:

- I. Skilling its staff
- II. Improving its revenue
- III. Expanding sustainable infrastructure

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- IV. Improving stakeholder relations and
- V. Stimulating Local Economic Development

d. Key Policy Developments:

This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved – bearing in mind that foreword provides details that should be included in the chapters to follow.

This report shows that the municipality has implemented existing as well as a number of new policies in order to have maximum impact and success in its service delivery programs. The municipality is aware of the current backlog of delivery of services to the community and is utilizing all available resources to clear it. This will take time and during that time, it is my plea the community remain patient with the council and to assist the council to reach the desired levels of service delivery

e. Key Service Delivery Improvements:

The integrated and strategic approach for stimulating growth and development within Thembelihle is detailed. These programmes have been specifically tailored to the local socio-economic conditions. They are aimed at achieving optimal strategic benefits that include employment creation and economic growth. These programmes are:

- Provide reliable and sustainable services to all communities in the municipality
- Establish a social cohesion programme to integrate all communities in particular farming communities
- Improvement of discipline among staff
- Improve the capacity of the staff in order to have highly skilled staff
- Unfilled critical posts to be filled
- Improvement of Consequence Management in the Municipality
- Improve and maintain good communication with key stakeholders
- Develop sector plans to respond to the challenges of ageing infrastructure
- Avert the decrease in economic growth and explore new economic growth opportunities through an LED Strategy
- Explore strategies for Revenue Enhancement in order to improve the financial position of the municipality.

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f. Public Participation:

During the year, various methods and/or processes were used to increase public awareness on service availability engage public in decision making and improve accountability to communities.

Public documents were posted on the municipality's website and the public invited to make comments and provide inputs thereto.

g. Future Actions:

The Municipality is growing and striving the meet it's political and administrative mandate and as set out in the IDP the Municipality will continue focusing on the following initiatives until it is satisfied that all goals set has been achieved:

These programmes are:

- Provide reliable and sustainable services to all communities in the municipality
- Establish a social cohesion programme to integrate all communities in particular farming communities
- Improvement of discipline among staff
- Improve the capacity of the staff in order to have highly skilled staff
- Unfilled critical posts to be filled
- Improvement of Consequence Management in the Municipality
- Improve and maintain good communication with key stakeholders
- Develop sector plans to respond to the challenges of ageing infrastructure
- Avert the decrease in economic growth and explore new economic growth opportunities through an LED Strategy
- Explore strategies for Revenue Enhancement in order to improve the financial position of the municipality.

Mayor/Executive Mayor

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Thembelihle LM as all other municipalities derives its mandate for constitutions. To this end it is fundamental to link, integrate and coordinate all strategic and implementation plans of the municipality. This resonates with the municipality's commitment to be "providing quality services through good relations and sound management'.

The Municipality is required to adapt to systems that is effective and efficient. Whilst the country and the world is still faced with effects of COVID-19 disaster, the municipality was required to deliver services to communities.

It can be reported that the municipality managed to deliver on legislative requirements. The Municipality improved alignment of services through planning approach specifically link to the IDP. Council priorities are captured in the SDBIP and also linked to performance indicators.

The average revenue collection is not desirable and payment culture stands at 60%. The Municipality adopted revenue enhancement strategy to provide impetus to improving the revenue base.

The Municipality continues to deliver required services to communities. Improvements in relation to water provision, electricity supply and sewer provision is continuing. The Municipality is providing satisfactory services to informal settlements. The formal develop of the settlements has commenced, whereby the town planning processes are completed.

The municipality area remains stable, and the municipality provides sufficient attention in addressing the needs of communities.

Internal administrative systems are operational and support by shared services arrangements with the District Municipality. The Municipality participated in the demarcation processes loading up to 2021 LG Elections. The MDB has concluded processes and delivered to IEC. This sees an upward adjustment with Council size.

The evaluation and assessment of municipality functionality provided must require improvements to systems, control and implementations.

The Municipality remains geared for delivery of quality services and continually building good relation and provide responsive administration.

Issued by:

Radile Shuping
Acting Municipal Manager
Thembelihle Local Municipality

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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 MUNICIPAL OVERVIEW

Thembelihle Local Municipality (formerly known as Oranje-Karoo Local Municipality) is a local municipality in the Pixley ka Seme District Municipality district of the Northern Cape province of South Africa. Thembelihle is a Xhosa name meaning "good hope", the new emblem depicts the diversity of Thembelihle inhabitants and its surroundings.

The municipality covers a total square area of 8 023km². Thembelihle Local Municipality is a Category B municipality situated in the heart of the Karoo in the Pixley Ka Seme District of the Northern Cape Province. It is one of the smaller municipalities of the eight that make up the district, accounting for only 8% of its geographical area

1.2.2. THEMBELIHLE VISION

The Thembelihle Municipal vision is **“Providing quality services through good relations and sound management”**

1.2.3. VALUES

The Long-term Strategic Plan (Vision) is grounded in the following values which define the charter of Thembelihle Municipality and is displayed in the conduct of the leadership and employees as they set about their task:

- Integrity
- Accountability
- Professionalism
- Excellence
- Empowerment
- Honesty
- Commitment
- Efficiency
- Discipline

1.3. DEMOGRAPHICS AND SOCIO-ECONOMIC INFORMATION

This section provides a brief overview of the socio-economic status of Thembelihle Municipality. This profiling is important to assist the Municipality in the optimal allocation of resources between all municipal wards to ensure that it provides sustainable services to ensure sustainable growth and equity.

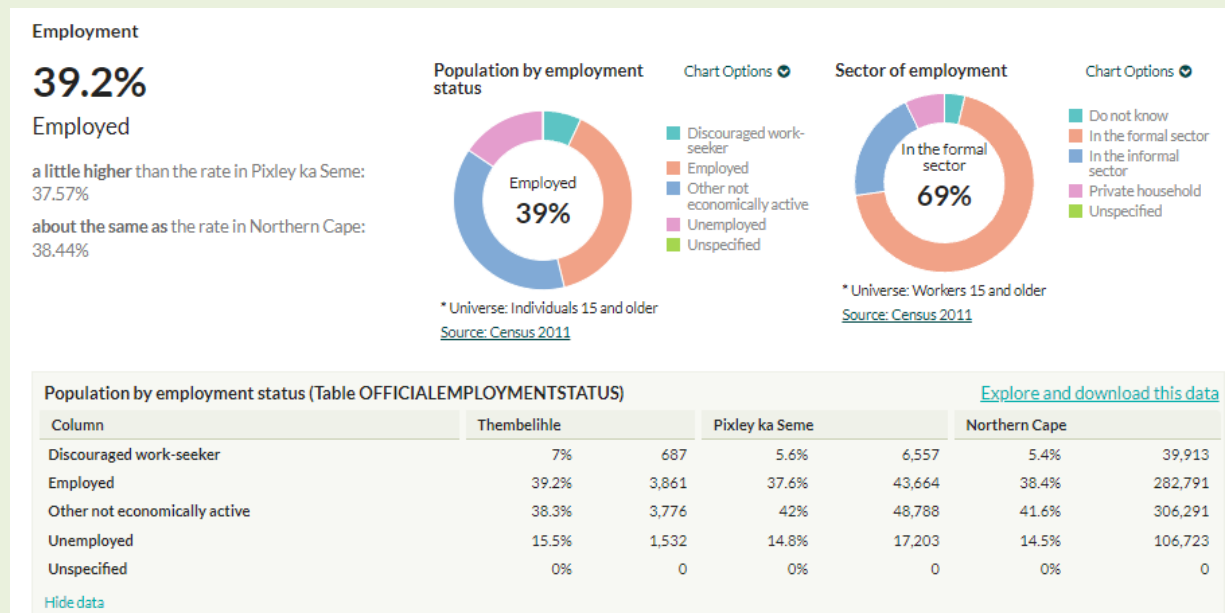
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Most importantly, the socio-economic information below compliments and informs the Integrated Development Plan (IDP) to ensure effective use of resources, improved service delivery, attract additional funding and strengthen democratic values.

1.3.1. SOCIO-ECONOMIC STATUS INFORMATION

According to Stats SA 2011 census the unemployment rate in Thembelihle was estimated to be 38% in 2011 this has increased drastically due to the COVID 19 pandemic, and the effect thereof is currently not known. Youth unemployment age 15 and older in Thembelihle is estimated at 15.5% and here to the exact increase in this sector is unknown due to the COVID 19 pandemic. The changes in the unemployment rate could be attributed to the Covid Pandemic as well as seasonal work within the area.

Figure 1: Socio-Economic Status



(<https://wazimap.co.za/profiles/municipality-NC076-thembelihle/#economics>, 2021)

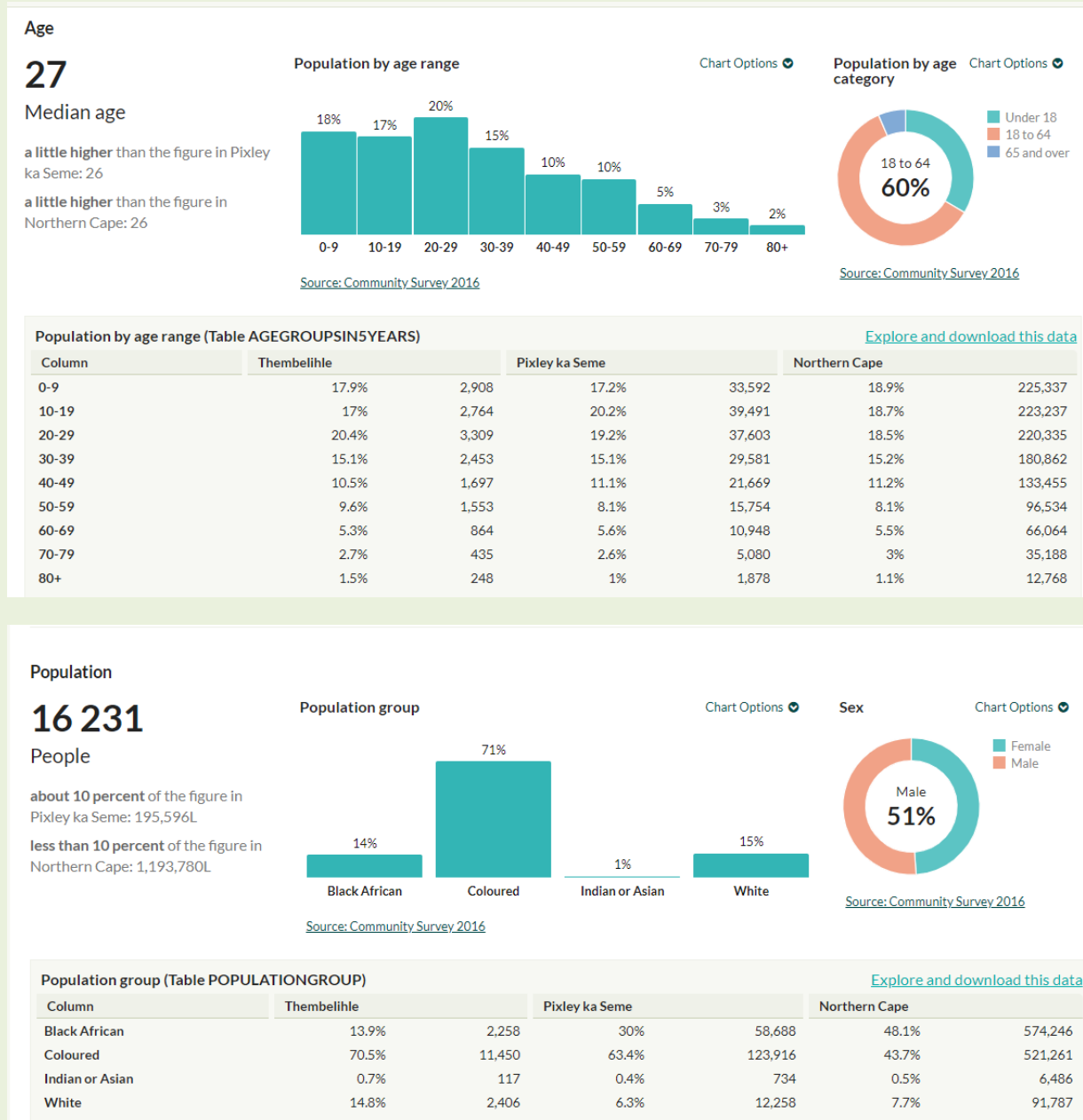
1.3.2 DEMOGRAPHIC PROFILE

The Community Survey conducted by Statistics South Africa in 2016 estimated Thembelihle's population to be 16 231. Whilst the 2011 Census puts the population at 15 701. This shows that the community of Thembelihle is growing at a very slow rate. This is mainly attributed to the lack of work opportunities within the Municipal Area.

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Figure 2: Population Details

The table below provides a snapshot of Thembelihle's estimated population by gender and age distribution based on Community Survey 2016:



Population

16 231

People

about 10 percent of the figure in Pixley ka Seme: 195,596L

less than 10 percent of the figure in Northern Cape: 1,193,780L

Population group

Population Group	Percentage
Black African	14%
Coloured	71%
Indian or Asian	1%
White	15%

Sex

Sex	Percentage
Male	51%
Female	49%

Source: Community Survey 2016

Population group (Table POPULATIONGROUP) [Explore and download this data](#)

Column	Thembelihle		Pixley ka Seme		Northern Cape	
Black African	13.9%	2,258	30%	58,688	48.1%	574,246
Coloured	70.5%	11,450	63.4%	123,916	43.7%	521,261
Indian or Asian	0.7%	117	0.4%	734	0.5%	6,486
White	14.8%	2,406	6.3%	12,258	7.7%	91,787

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Population by sex

1996			2001			2011			2016		
Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
6 667	6 909	13 576	7 193	7 275	14 467	7 976	7 724	15 701	8 297	7 933	16 231

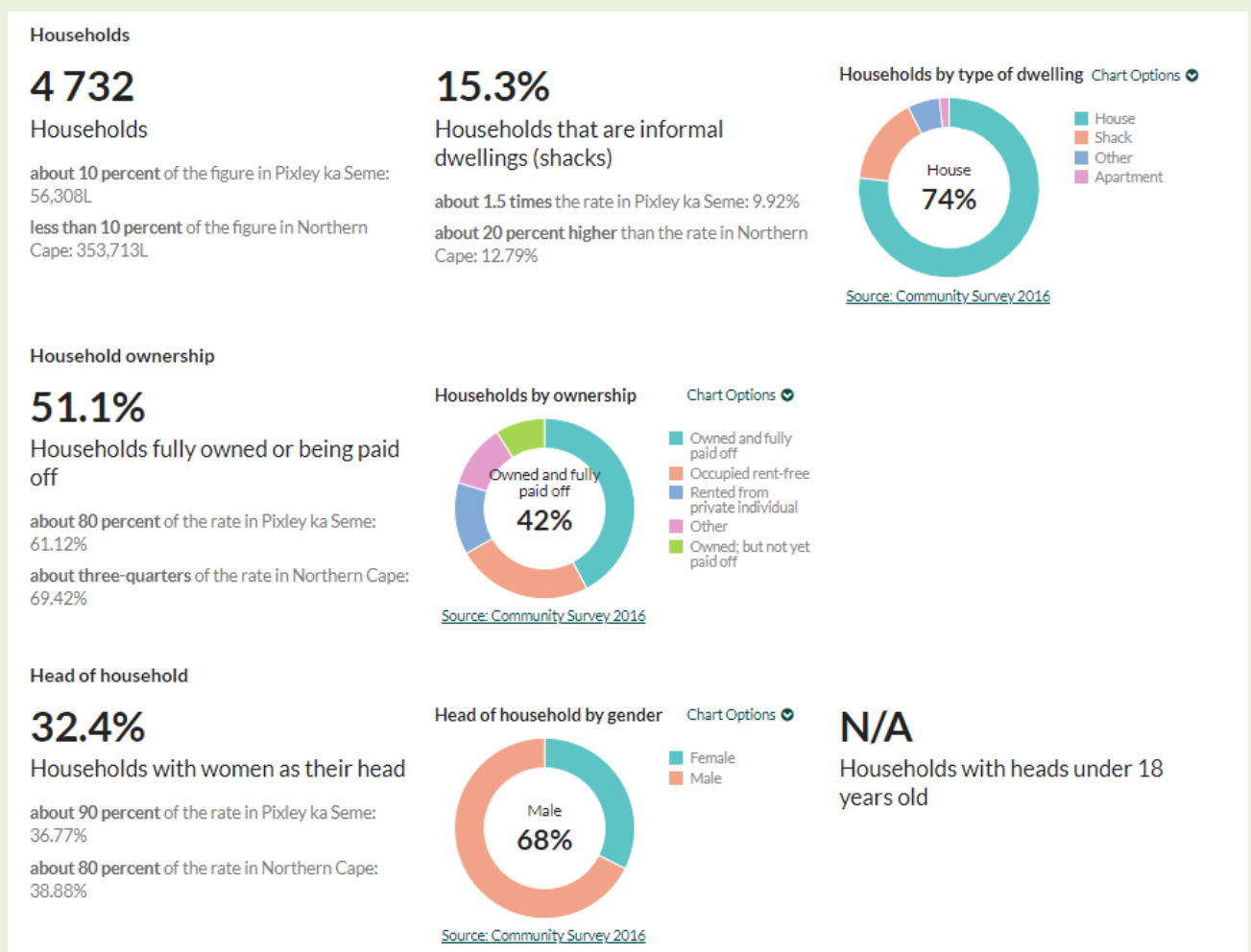
Table 6 Source: Stats SA

(<https://wazimap.co.za/profiles/municipality-NC076-thembelihle,#Population,2021>)

1.3.3 HOUSEHOLD PROFILE

The table below shows the number of households according to the Community Survey conducted by Statistics South Africa. At the time of conducting the survey there were 4 732 within Thembelihle of which 74% were properly constructed houses and 15% were shacks. The area that contains shacks have since expanded as more shack settlements is springing up in and around Thembelihle.

Figure 3: Number of Households



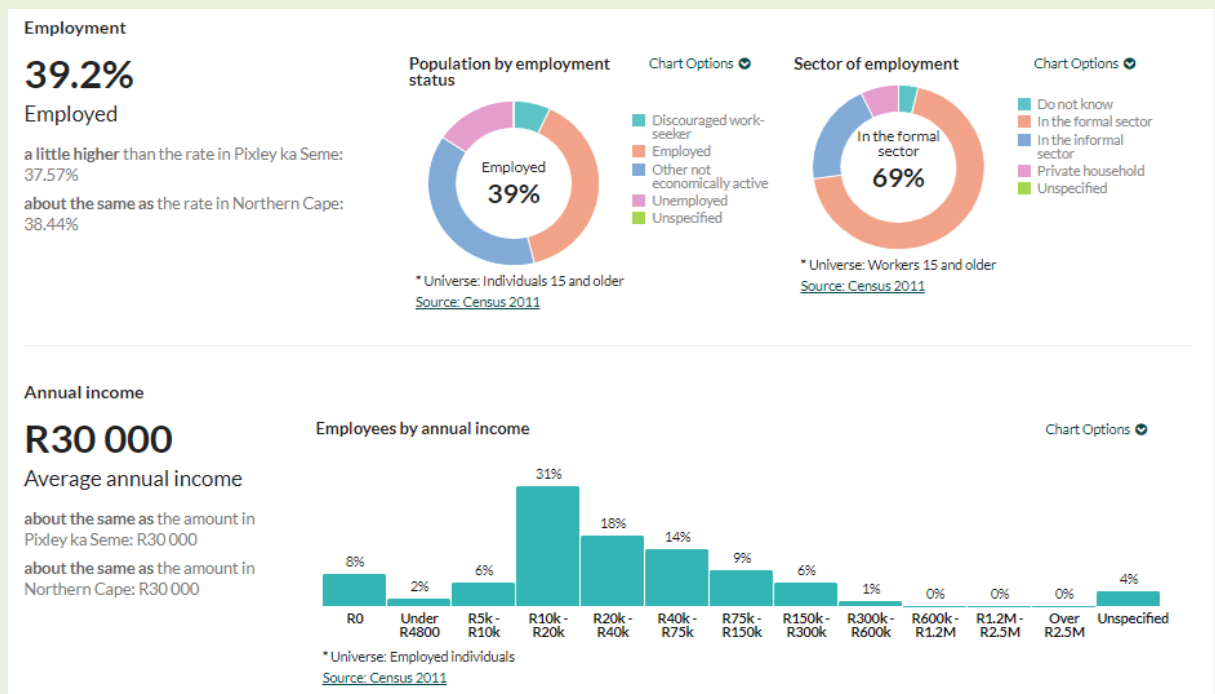
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(<https://wazimap.co.za/profiles/municipality-NC076-thembelihle/#Households>, 2021)

1.3.4. EMPLOYMENT SECTOR PROFILE

Most of the workforce within the Thembelihle Municipality is employed within the formal sector and this amounts to 69% of the working force, 20.1% is employed within the informal sector, 7.1% in private households and the status of 3.7% of the working force is unknown. The annual income is at an average of R30 000 per annual which amounts to approximately R2 500 per month which is R 610 above a normal pension provided by the state and approximately R 554 below the minimum wage in South Africa.

Figure 4: Employment Statistics



(<https://wazimap.co.za/profiles/municipality-NC076-thembelihle/#employment>, 2021)

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1.4. SERVICE DELIVERY OVERVIEW

One of the objectives of local government is to ensure the provision of services to communities in a sustainable manner. Basic Services rendered to the community of Thembelihle Municipality is water, wastewater, electricity, waste management, roads and stormwater. Other services are planning and economic development, library cemeteries, community, sports and recreation and traffic.

The municipality is experiencing a backlog in terms of the provision of basic services. The formal performance reporting in the municipality is based on the targets set in the approved IDP and SDBIP.

a) Hopetown

The existing internal water pipes in Hopetown burst on a frequent basis and have to be replaced with PVC pipes.

- The capacity of the reservoirs is currently upgrade for approximately 10-year growth in development.
- The present sewer system (oxidation ponds) works at maximum capacity and needs to be replaced with a conventional system or upgraded.
- Provision has to be made for except able sewerage systems to address the needs of the informal residents with no sewerage services. A project is currently running to accommodate the upgrading of the ponds.
- The roads and storm water system are in a bad state with special reference to Steynville with no infrastructure due to the flat gradient.
- A storm water plan has been provided and the implementation thereof is essential. The steepness of the environment in all cases in Hopetown creates tremendous problems. The storm water is not up to standard and causes tarred road maintenance to be very high.
- The municipality needs to replace and repair the streetlights in the identified areas of Hopetown as well as the Thembelihle NU in order for it to meet service delivery targets
- The present dumping site should be closed as the site is next to the N12 and is a sore eye for any tourist or probable investor. An area for a new dumping site was identified by DWA. Construction of the new solid waste site has been completed, but the electricity switch is outstanding and need to be licensed.

b) Strydenburg

- VIP sanitation systems in Steynville (Hopetown) and Deetlefsville (Strydenburg) have not been received well by the residents of those areas because neighboring suburbs are connected to water-borne sanitation.
- Services to areas like 7de Laan in Steynville and Deetlefsville in Strydenburg are planned through the housing department.

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- A sharp increase in water loses over the year which resulted in a loss of over R 6500 000 to the municipality. (2018/19)
- The non-reading of meters in the municipality and non- implementing of measures to contain electricity losses which are at 43%. (2018/19)
- The main water supply for the town and townships comes from the Witpoort boreholes system. The remaining lifespan of this system is still uncertain. Therefore, the direct extraction of water out of the Orange River remains the only solution for this problem. This issue has been brought to the attention of DWA.
- The old oxidation pond system needs to be rehabilitated since the new ponds were successfully completed and are already in use. The eradication of the bucket system in Deetlefsville and replacement with the VIP system causes unhappiness in the community because new housing development in the area make use of a water-borne system.
- The overhead electricity connections are not acceptable according to standard anymore and have to be changed to underground connections. Although it is expensive, it will be cost saving in the long run.
- Residents have been dumping their waste illegally across the municipality. As a result, the municipality is struggling to cope with cleaning these illegal dumping sites because of aging earth moving

1.4.1. BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS/ COMMENT ON ACCESS TO BASIC SERVICES:

Household Information

Number of households by household size, 1996-2016

	1	2	3	4	5	6	7	8	9	10+	Total
1996	350	528	499	457	386	219	162	119	82	137	2 939
2001	526	749	634	587	428	274	174	118	57	126	3 673
2011	873	883	677	628	389	296	170	103	67	108	4 194
2016	832	1 192	532	789	654	333	192	49	83	81	4 737

Table 12 Stats SA Household size

Table 12 shows that the number of households in Thembelihle increased by 1 798 households over the period from 1996 to 2016, from 2 939 to 4 737 households. It shows a significant increase in the number of two-person households, from 528 in 1996 to 1 192 in 2016. There is a reduction in the

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number of households with 10 persons and above.

Percentage distribution of households by household size 1996-2016

	1	2	3	4	5	6	7	8	9	10+	Total
1996	12.5	18.8	17.8	16.3	13.8	7.8	5.8	4.2	2.9	4.9	100.0
2001	14.3	20.4	17.3	16.0	11.7	7.5	4.7	3.2	1.6	3.4	100.0
2011	20.8	21.1	16.1	15.0	9.3	7.1	4.1	2.5	1.6	2.6	100.0
2016	17.6	25.2	11.2	16.7	13.8	7.0	4.1	1.0	1.8	1.7	100.0

Table 13 Stats SA Household distribution

Table 13 shows that in 2016, there was a higher percentage for two-person households when compared to other household sizes at 25.2%. This is followed by single-person households at 17.6% of the total number of households in Thembelihle.

Household head by sex, 1996-2016

	1996	2001	2011	2016
Male	2 257	2 767	2 836	3 203
Female	671	885	1 348	1 533
Total	2 928	3 652	4 184	4 736

Table 14 Stats SA: Household by sex

Table 14 shows a more significant increase in the number of female-headed households when compared to male-headed households in Thembelihle over the period from 1996 to 2016. Female-headed households increased from 671 households in 1996 to 1 533 households in 2016, whilst those headed by males increased marginally from 2 257 in 1996 to 2 836 in 2016.

Type of dwelling occupied by households, 1996-2016

	Formal dwelling	Traditional dwelling	Informal dwelling	Other	Total
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1996	86.0	0.9	12.9	0.2	100.0
2001	76.7	4.1	17.9	1.4	100.0
2011	77.5	0.3	21.1	1.1	100.0
2016	77.8	1.3	15.4	5.6	100.0

Table 15 Stats SA: Households by dwelling type

Table 15 shows a decrease in the proportion of households staying in formal dwellings in Thembelihle. Households occupying formal dwellings decreased by 8.2% from 86.0% in 1996 to 77.8% in 2016. There is an increase in the proportion in informal dwellings, from 12.9% in 1996 to 15.4% in 2016. The proportion of traditional dwellings has increased over the same period.

Tenure household 2001-2016

	Owned	Rented	Occupied rent-free	Other	Total
2001	42.4	16.6	41.0	-	100.0
2011	51.4	16.3	29.9	2.5	100.0
2016	52.4	13.4	25.0	9.2	100.0

Table 15 Stats SA: Household by tenure

Table 15 shows an increase of 10.0% in the proportion of dwellings owned by households in Thembelihle, from 42.4% in 2001 to 52.4% in 2016. It shows a decrease in the proportion of households that are occupied rent-free, 41.0% in 2001 to 25.0% in 2016.

Household Services

Household perceptions on difficulties facing the municipality, 2016

Difficulty facing the municipality	Number	Percent (%)
Lack of safe and reliable water supply	266	5.6

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Cost of water	152	3.2
Lack of reliable electricity supply	215	4.5
Cost of electricity	125	2.6
Inadequate sanitation/sewerage/toilet services	324	6.8
Inadequate refuse/waste removal	268	5.7
Inadequate housing	303	6.4
Inadequate roads	628	13.3
Inadequate street lights	42	0.9
Lack of/inadequate employment opportunities	392	8.3
Drug abuse	41	0.9
Alcohol abuse	68	1.4
Lack of/inadequate healthcare services	25	0.5
Corruption	292	6.2
Other	376	7.9
None	1 220	25.8
Total	4 737	100.0

Table 16 Stats SA: Household perceptions

Table 16 shows that 13.3% of the households in Thembelihle are complaining about inadequate roads. This is followed by those who perceived that a lack of or inadequate employment opportunities was the

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major challenge facing the municipality (8.3%). About 2.6% feel that the cost of electricity charged by the municipality is too high, whilst 6.2% said corruption is a major problem in their municipality.

Type of refuse removal used by households, 1996-2016

	Removed by local authority at least once a week	Removed by local authority less often than once a week	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	Total
1996	68.1	0.4	1.2	21.0	9.3	0.0	100.0
2001	57.3	0.4	3.4	29.5	9.3	0.0	100.0
2011	68.3	0.8	4.6	13.6	11.7	1.0	100.0
2016	59.4	2.5	13.0	19.3	5.0	0.7	100.0

Table 17 Stats SA: Refuse removal services

Table 17 shows a decrease in the proportion of households in Thembelihle municipality whose refuse is removed by the local authority at least once a week, from 68.1% in 1996 to 59.4% in 2016. It shows an increase in the proportion of households using a communal refuse dump

Type of sanitation facilities used by households, 1996-2016

	Flush or chemical toilet	Pit latrine	Bucket latrine	None of the above	Total
1996	55.0	10.2	10.6	24.2	100.0
2001	53.0	9.0	8.2	29.8	100.0
2011	65.9	22.6	0.3	11.2	100.0
2016	70.6	12.6	3.9	12.9	100.0

Table 18 Stats SA: Sanitation Services

Table 18 shows an increase in the proportion of households that use a flush or chemical toilet in Thembelihle, from 55.0% in 1996 to 70.6% in 2016. There is an increase in proportion of households

Chapter 1

using a pit latrine over the same period. There is also a decrease in the proportion of households using bucket latrines between 1996 and 2016.

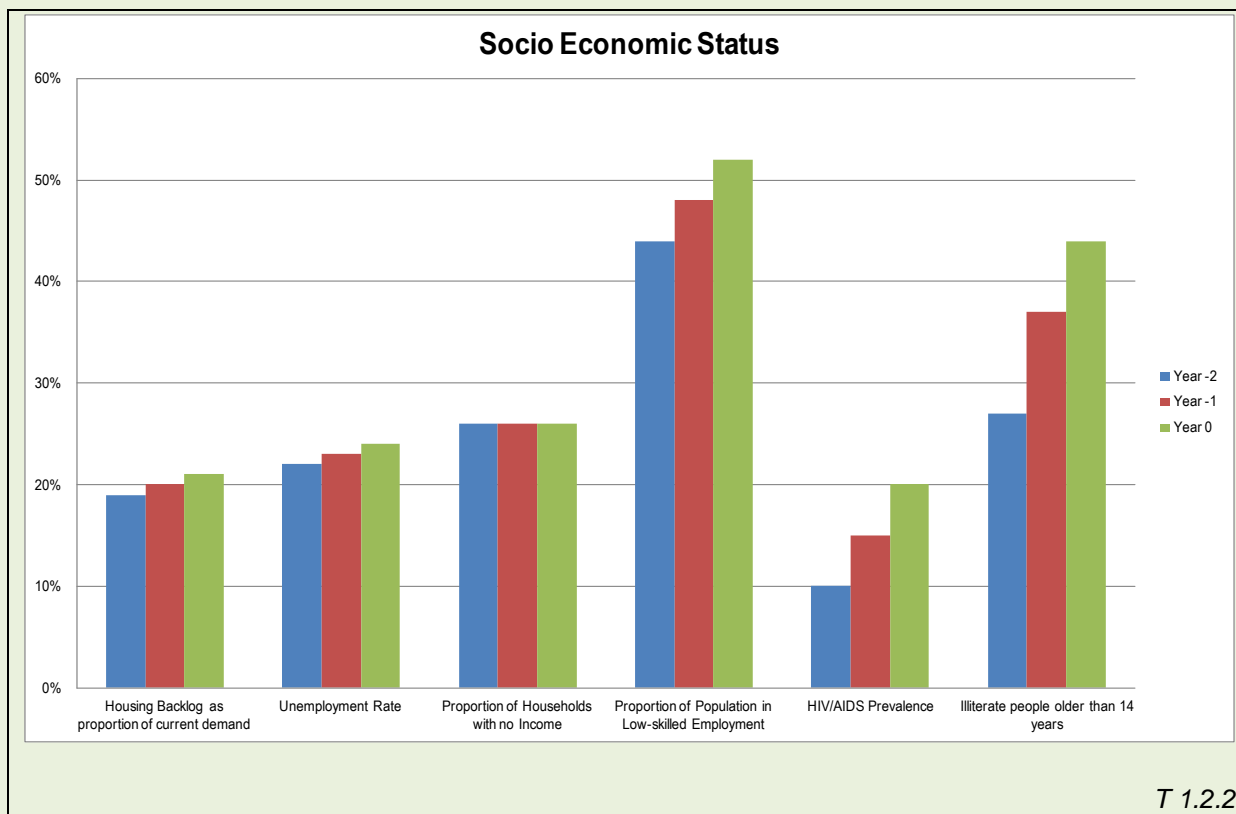
Energy sources

Main source of energy used for lighting, 1996-2016

	Electricity	Gas	Paraffin	Candles	Solar	Other	Total
1996	64.8	0.3	13.3	21.7	0.0	0.0	100.0
2001	67.2	0.2	9.0	22.1	0.8	0.7	100.0
2011	75.5	0.2	2.4	20.7	1.1	0.0	100.0
2016	85.6	0.3	0.9	10.3	2.2	0.6	100.0

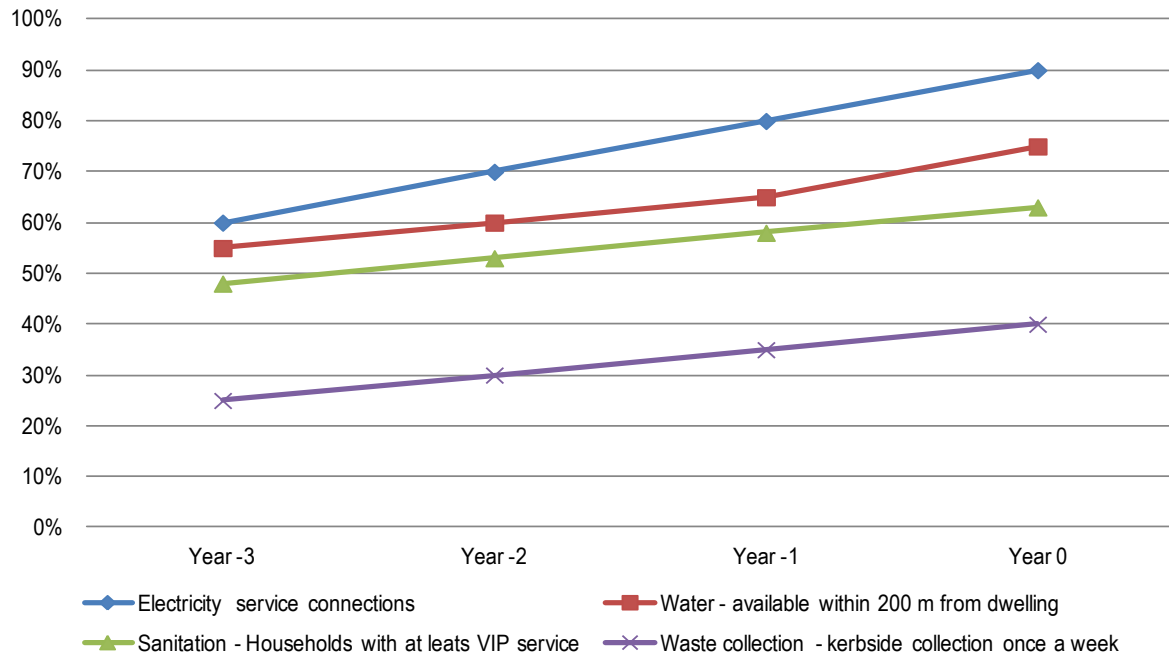
Table 29 Stats SA: Energy Services

T 1.2.1



Chapter 1

Proportion of households with access to basic services



T 1.2.3

1.5. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Note: In terms of the Auditor General's Report for 2020/2021, Thembelihle Municipality received a qualified audit opinion. To address this audit outcome, an Audit Action Plan will be developed and ensured it is approved by the Council of the Municipality. The Audit Action Plan will address all the adverse findings by the Auditor General. The Audit Committee which is the custodian and driver of these remedial actions sits quarterly to fast track their implementation.

A broad overview is provided as follows and is based entirely on the **audited figures**:

2020/21 was a very challenging year for the municipality given the financial constraints that the municipality was facing. External factors such as the COVID pandemic also played a huge role in the difficult times of the municipality and those of the rest of the country.

Chapter 1

Thembelihle Local Municipality achieved R 25 929 632 million total revenue from exchange transactions against a budgeted R 36,535,934 million (original budget) and R 39,933,297 million (adjusted budget) excluding government grants and subsidies while R 32,719,850 million was expended compared to R 36,317,851 million in the adjustment budget.

The table below indicates the Municipality's financial overview for the financial year

T 1.5.1

Financial Overview: Year 2021			
R'000			
Details	Original Budget	Adjustment Budget	Actual
Income:			
Grant	32,719,850	36,317,851	32,471,016
Taxes, Levies and tariffs	36,535,934	39,933,297	27,801,042
Other	8,124,792	10,178,450	1,778,482
Sub total	77,380,576	86,429,598	62,050,540
Less: Expenditure	(70,889,383)	(78,057,954)	(111,378,145)
Net Total	6,491,193	8,371,644	(49,327,605)
*Note: surplus/ (deficit)			

T 1.5.2

Operational Ratios	
Details	%
Employee Costs	37%
Repairs and Maintenance	0%
Finance Charges	15%
Impairment	0%

T 1.5.3

COMMENT ON OPERATING RATIOS:

1. Employee Costs-ratio is 37%

Increased costs due to the appointment of 8 appointment additional staff members.

2. Repairs and maintenance-ratio is 0%

0% in repairs and maintenance costs.

Chapter 1

3. Finance charges- ratio 50% and impairment-ratio is 0 %

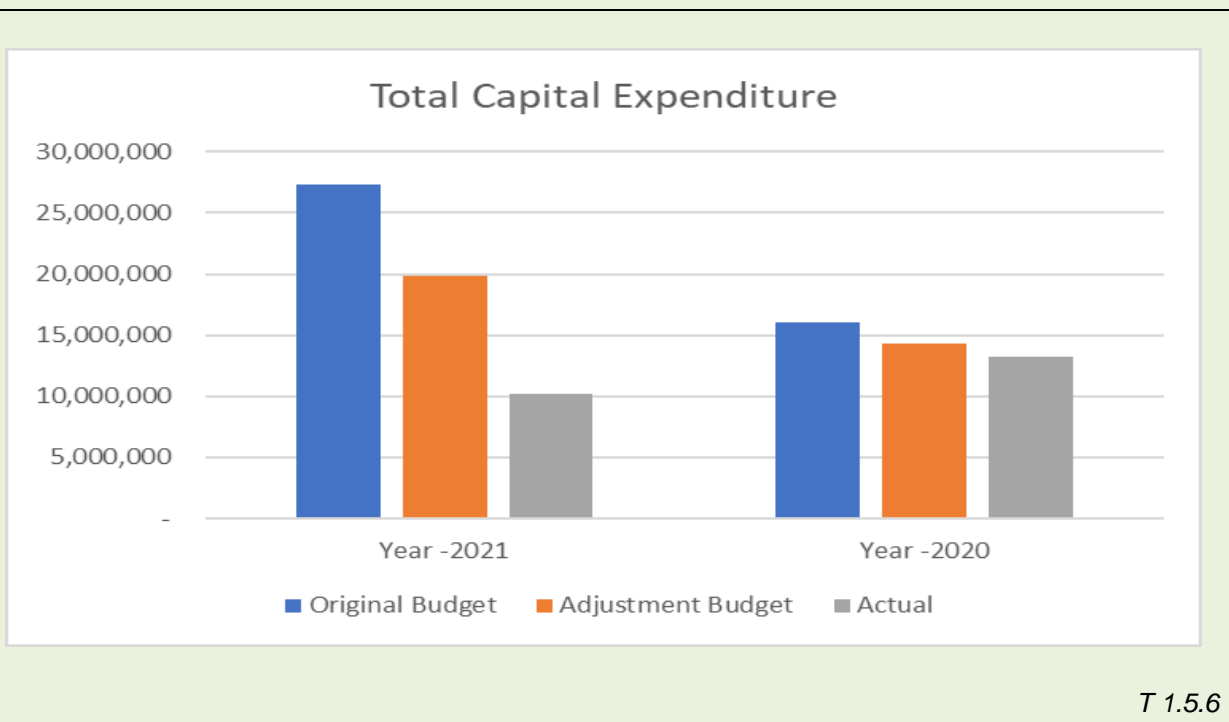
3.1 Increased costs due to cash flow problems resulted in creditors not being paid within the 30-day period which, in turn, added interest to be paid to the original capital amount.

3.2 Escalating non-payment by debtors resulted in an increase of bad debts written off.

T 1.5.4

Total Capital Expenditure: Year 2021 to Year 2020		
R'000		
Details	Year -2021	Year -2020
Original Budget	27,371,152	16,005,565
Adjustment Budget	19,871,152	14,257,310
Actual	10,144,667	13,232,772

T 1.5.5



COMMENT ON CAPITAL EXPENDITURE:

For the 2020/2021 Financial Year, the original capital budget was R 27,371,152 million, the adjustment budget was R 19 871 152 million.

T 1.5.7

Chapter 1

1.6. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The filling of vacancies is a top priority for the municipality

T 1.6.1

1.7. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2020/2021 (CURRENT YEAR)

The Auditor General issued a qualified audit opinion for the 2020/21 financial year which is the same audit opinion received in the 2019/20 financial year. An Audit Action plan will be developed which will be implemented during the 2021/2022 financial year to address the issues raised by the Auditor General. The audit opinion was issued with matters of emphasis as outlined in the report of the Auditor General of South Africa included in the annual report in chapter 6.

There can be 5 different outcomes to an audit once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:

Ø A clean audit: The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.

Ø Unqualified audit with findings: The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or noncompliance with legislation, or both these aspects.

Ø Qualified audit opinion: The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.

Ø Adverse audit opinion: The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

Ø Disclaimer of audit opinion: Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements

T 1.7.1

Chapter 1

1.8. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public, and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.8.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The 2020/21 Annual Report was compiled in accordance with the requirements of Section 121 of the Municipal Finance Management Act 56 of 2003 and Section 46 Municipal System Act 32 of 2000. The purpose of this Report is:

- To provide feedback on activities of the Municipality;

Chapter 1

- To provide a report on performance in service delivery and budget implementation for the financial year, and
- To promote accountability to the community for period 1 July 2020 to 30 June 2021.

This Annual Report has been developed according to the provision of Circular No.63 of the Municipal Finance Management Act which indicates that real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget, SDBIP, in year reports, Annual Financial Statements, Annual performance report and the Annual Report.

Alignment between the IDP Budget and Performance Management

Chapter 5 of the Municipal Systems Act provides for the adoption of the IDP which set out the objectives and development goals of the municipality. It is therefore imperative that municipal council approve the budget in order to fund what the IDP as the plan is set to achieve. Furthermore, the Executive Mayor needs to approve the SDBIP as per Section 53 of the MFMA as the monitoring tool for the implementation of IDP according the approved Budget. The municipality is liable to present quarterly reporting on SDBIP, In-year budget reports, and Mid-Year performance review reports to inform Budget adjustments. The annual performance report and annual financial statements also must be submitted to the Auditor General whereby the audit report will be issued and incorporated into the Annual Report.

The annual report is submitted to MPAC for oversight and simultaneously publicised for public comments after the Council has adopted the Oversight report by MPAC by Municipality must place the Annual Report on the website for transparency. This process will surely improve accountability by the executive to non-executive and would deal with issues raised by the Auditor General and act on the recommendations thereof.

This annual report seeks to provide a detailed record of the municipality's performance according to the set objectives in the Strategic plan, implemented through the IDP Process and monitored in accordance with the legislated reports.

T 1.8.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Municipal Structures Act defines a Municipality amongst other as a structure with political office bearers and administration components; a geographic area; and the community of the Municipality. The Municipality consists of a municipal institution (political and administrative structures), and the people who live in the local area.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Municipal Council comprises the governing and decision-making body of the Municipality whilst municipal officials and staff focus on implementation. Council determines the direction for the municipality by setting the course and allocating the necessary resources. Council establishes the policies, and municipal staff ensures that those policies are implemented. Decisions made at Council or committee level are often the result of a lot of research, consultation and advice from staff, residents, businesspeople, and interested parties. Often there are competing interests and financial constraints that must be considered.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

Thembelihle Local Municipality is governed by a council led by an Executive Mayor. It presents a democratically elected Category B Municipality with a structure that is categorised by the elected Ward Councillors and Proportional Representative Councillors. All major policy and administrative decisions are presented, resolved, and implemented after the approval of Council. The political system in the municipality is functioning well. There is a Municipal Public Accounts Committee (MPAC) whose mandate is to interrogate municipal performance and thus assist the municipality to act in the manner that assist service delivery. The annual report will be publicized for scrutiny and comment of the public as well.

T 2.1.1

Chapter 2

POLITICAL STRUCTURE



MAYOR & SPEAKER

B Mpamba

COUNCILLORS

Cllr S Swartling

Cllr J Tallies

Cllr R Jansen

Cllr H Brits

Cllr C Guest (Appointed to replace Cllr. P Naude)

Cllr VS Dolopi (Appointed to replace Cllr b Tshangela)

Cllr P Naude (Deceased - Oct 2020)

Cllr B Tshangela (Deceased- Oct 2020)

T 2.1.1

COUNCILLORS

For the year ended 30 June 2021, the municipality had a total of 7 councilors with one permanent councilor serving as Mayor and Speaker simultaneously.

Four of these are ward councilors, four from the African National Congress. Two of the proportional councilors are from the Democratic Alliance and one from the Economic Freedom Fighter.

During the year, we were met with the sad news of the untimely passing of two of our councilors, Councilor P Naude and Councilor B Tshangela. As a municipality, our sincere condolences go out to the Councilors family and loved ones.

Refer to **Appendix A** where a full list of Councilors can be found (including committee allocations and attendance at council meetings).

Also refer to **Appendix B** which sets out committees and committee purposes.

T 2.1.2

POLITICAL DECISION-TAKING

Political decision-taking happens by way of council resolutions.

Council ensures that the mandate of local government to local communities is observed

T 2.1.3

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the Accounting Officer. The Municipal Manager advises the Council and its committees on administrative matters such as policy issues, financial matters, organizational requirements, and personnel matters. The Municipal Manager has to personally provide reasons to Council for the way in which the financial affairs of the departments of Council had been conducted, and this will be conducted with the assistance of the Finance Department.

The day-to-day management of the Municipality is done by staff under the direction of the Municipal Manager and Heads of Departments. The Municipal Manager and Heads of Departments have broad and general management responsibilities, such as making sure staff is kept abreast on Council's direction and identifying gaps in service delivery. Together with Council they must monitor progress on set goals and priorities.

T 2.2.1

<i>Photo</i>	TOP ADMINISTRATIVE STRUCTURE	Function
	TIER 1	
	MUNICIPAL MANAGER	Accounting Officer, Overall
	Mr M Jack (1 Jul 2020- May 2021)	General Management Strategic
		Support Services, Infrastructure
	ACTING MUNICIPAL MANAGER	Services, Social Services,
	R Shuping (June 2021)	Financial Management,
		Corporate Support Services,
		Political Support Services,
		IDP
	TIER 2 AND 3	.
<i>Directors</i>	CHIEF FINANCIAL OFFICER	Budget and Treasury Manager
	R Shuping	Creditors
		Expenditure
		Revenue
		Supply Chain Management
		Valuations
	MANAGER: CORPORATE SERVICE	Corporate Administration
	T Oliphant	Human Resources
		Marketing, Communications
		and Customer Relations
		Management

Chapter 2

MANAGER: TECHNICAL SERVICES S Marufu	ICT Services Water and Sanitation Roads and Storm water Electricity Building Maintenance T2.2.2
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COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Active participants in the District Technical IGR and District IGR.
Full interaction with provincial sector departments.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality does not participate in any national intergovernmental structure(s).

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality does not participate in any provincial intergovernmental structure(s).

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have any municipal entities.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Thembelihle Municipality actively participates in various intergovernmental activities with the district.
Councilors and officials attend the following forums:

District Coordinating Forum	Quarterly	Executive Mayor/Municipal Manager
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T 2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Note: MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The Municipality has various public participation processes and platforms to ensure integrated consultation on a continuous basis. These include:

- Ward committee meetings which take place quarterly and is deemed functional
- IDP Roadshows in all wards
- IDP Representative Forum
- Mayor meets the people meetings – The purpose thereof to engage relevant municipal interest groups as part of ongoing public participation; and Open Days with communities relating to the Spatial Development Framework

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Notices are sent prior to the commencement date of the public meeting sessions. Pamphlets and posters are developed and disseminated across the municipal area aimed at reaching out to all the communities. The purpose of public meetings is to elicit input from the community on the compilation of the IDP

T 2.4.1

WARD COMMITTEES

The municipality had 4 wards and only 4 ward committees and all ward committees were functional during the year.

Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward by ward basis.

T 2.4.2

Chapter 2

Public Meetings						
Nature and purpose of meeting	Date of 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 the community
Door to Door. Ward Committee members went into the area embarking on a door-to-door campaign to what issues are affecting the residents in the area.	28 Sep 20	-	-	5	Yes	10 Jun 21
Distribution of face masks and hand sanitizers in the area	08 Oct 20	-	-			10 Jun 21
Distribution of food parcels	24 Oct 20			19	Yes	10 Jun 21
Feedback meeting and to inform new developments	10 Jun 21	1	2	39		
T 2.4.3						

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

Chapter 2

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Governance is the process of decision-making and the process by which decisions are implemented. An analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision. Governance in the public sector needs to take into account legal and constitutional accountability and responsibilities.

Thembelihle Local Municipality was established in terms of Section 12 Notice of the Municipal Structures Act of 1998. In terms of the Section 12 Notice, the Municipality is a Category B Municipality which operates within the Mayoral Executive System combined with the Participatory Ward System. Governance at the municipality is composed of both the Political and Administrative Governance which ensures that governance involves the community and that all citizens within the Municipal Area are represented in decision making.

The Political leadership of the Municipality exercise their executive and legislative powers and functions to govern the affairs of the Municipality. Administration is responsible for Corporate Governance as prescribed by various legislative frameworks. Corporate governance looks at issues of transparency and accountability where the Municipality outlines its top risks, the supply chain management process as well as how the Municipality deals with fraud and corruption Issues. Together these imperative aspects ensure that all processes of the Municipality are properly functioning and that communities receive quality services.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Note: MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

No information available

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Note: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

The municipality's Audit Committee recommendations for year 0 are set out at **Appendix G**

T 2.7.1

Chapter 2

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Note: MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Constitution, MFMA Chapter 11, SCM Regulations 2011, PPPFA as incorporated by BBBBEEA 2011 and relevant Treasury practice notes and circulars as set out, are used by the municipality to comply with the prescripts. They all contribute to the successful procurement of goods and services, and minimize the opportunities for fraud and corruption. In the financial year 2020/21 Council revised and approved the SCM Policy as required during the budget process.

T 2.8.1

2.9 BY-LAWS

By-Laws Introduced during Year 2021

New Development	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted (Yes/No)	Date of Publication
Property Rates By-Law	Revised	No	N/A	Yes	26 May 21
Tariff, Credit Control & Debt Collection By-Law	Revised	No	N/A	Yes	26 May 21

* Note: see MSA section 13

T 2.91

COMMENT ON BY-LAWS:

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The Municipal Property Rates By-Law and Tariff, Credit Control & Debt Collection was revised, approved, and adopted by council and gazetted during 2020/21.

T 2.9.1.1

Chapter 2

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Entity's Website	Yes/ No	Publishing date
Current annual and adjustment budget and all budget- related documents	No	
All current budget-related policies	No	
The previous annual report (Year 2020)	No	
The annual report (Year 0) published / to be published	No	
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 2021) and resulting scorecards	No	
All service delivery agreements	No	
All long-term borrowings contracts (Year 2021)	No	
All supply chain management contracts above prescribed value (give value) for year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 2021 to which subsection (1) of section 33 apply, subject to subsection (3) of the section	No	
Public-private partnership agreements referred to in section 120 made Year 2021	No	
All quarterly reports tabled in council in terms of section 52 (d) during Year 2021	No	
<p><i>Note: MFMA s75 sets out the information that a municipality must include on the 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.</i></p>		
T 2 .10.1		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipal website www.thembelihlemunicipality.gov.za is an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

The municipality acknowledges that not all documents as prescribed by Section 75 of the MFMA were placed on the website. In the financial year 2021/2022, the MFMA guidelines will be used as a checklist to ensure that the Municipality complies by sending relevant departments requests for the information as prescribed by the Act.

T 2.10.1.1

Chapter 2

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

No public satisfaction surveys on municipal services were conducted during 2020/21.

T 2.11.1

Satisfaction Surveys Undertaken during: Year -1 and Year 0

Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

Concerning T 2.11.2:

No public satisfaction surveys on municipal services were conducted during 2020/2021

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

No public satisfaction surveys on municipal services were conducted during 2020/2021

T 2.11.2.2

Chapter 3

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

INTRODUCTION

The service delivery function has been particularly challenging over this past financial year. Despite the old challenges of the scarcity of required resources for ensuring the service delivery targets are met, 2020/2021 has had its challenges with regards to COVID 19 pandemic that has impacted negatively on service delivery and supplier operations.

These challenges additionally impacted the high levels of unemployment and the extreme small rate base. This in turn impacts the revenue base and resultantly on the ability of the organization to have required and much needed financials resources with which to engage in infrastructure maintenance and developments activities.

The key focus in Thembelihle Local Municipality has been to ensure that bulk services are in place to meet the demands of all residents and commercial endeavors. We can report the following achievements:

Water Treatment and Supply in Hopetown, Strydenburg, Orange River Station and Krainkuil

Krainkuil and Orange River Stations have successfully been provided with borehole water under the current ongoing drought relief project. The boreholes are being powered by solar. These successful projects have assisted the communities in those areas and at the same time have reduced operation and maintenance costs to the municipality. SG 161 and 162 in Strydenburg were equipped with solar pumps and have not been giving water yield as is expected as wind turbines are still to be installed.

Refer to the functions of the municipality and its entities (if any) included at **Appendix D** and the performance table for the Municipal Entities included at **Appendix I**. Provide a brief reference to service delivery performance at ward level included at **Appendix F**.

T 3.0.1

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

Thembelihle Local Municipality is committed to service delivery, especially to our poor community members. Access to employment, improvement of services like water, sanitation, refuse collection and safe roads and effective storm water drainage systems are all part of improving the lives of all in our municipal area

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

Water for Hopetown and Steynville is obtained from the Orange River. It is purified at the New Water Treatment Works which is based on conventional water treatment processes. In other regions within the municipality boreholes are also a major part of water collection with them being used mainly for clean drinking water.

Hopetown

- Water abstracted from Van der Kloof Scheme (Orange River)
- Water licence is outdated and requires renewal (Compliance)
- Average daily abstraction rate –5.6 ML per day (Oct 2020 –Sept 2021)

Strydenburg

- Water abstracted from boreholes
- Boreholes yields –1 700 kL/d (Report Oct 2021)
- AADD measured at Strydenburg Reservoirs –500 kL/d
- Lifespan of boreholes are unknown

Recommendations

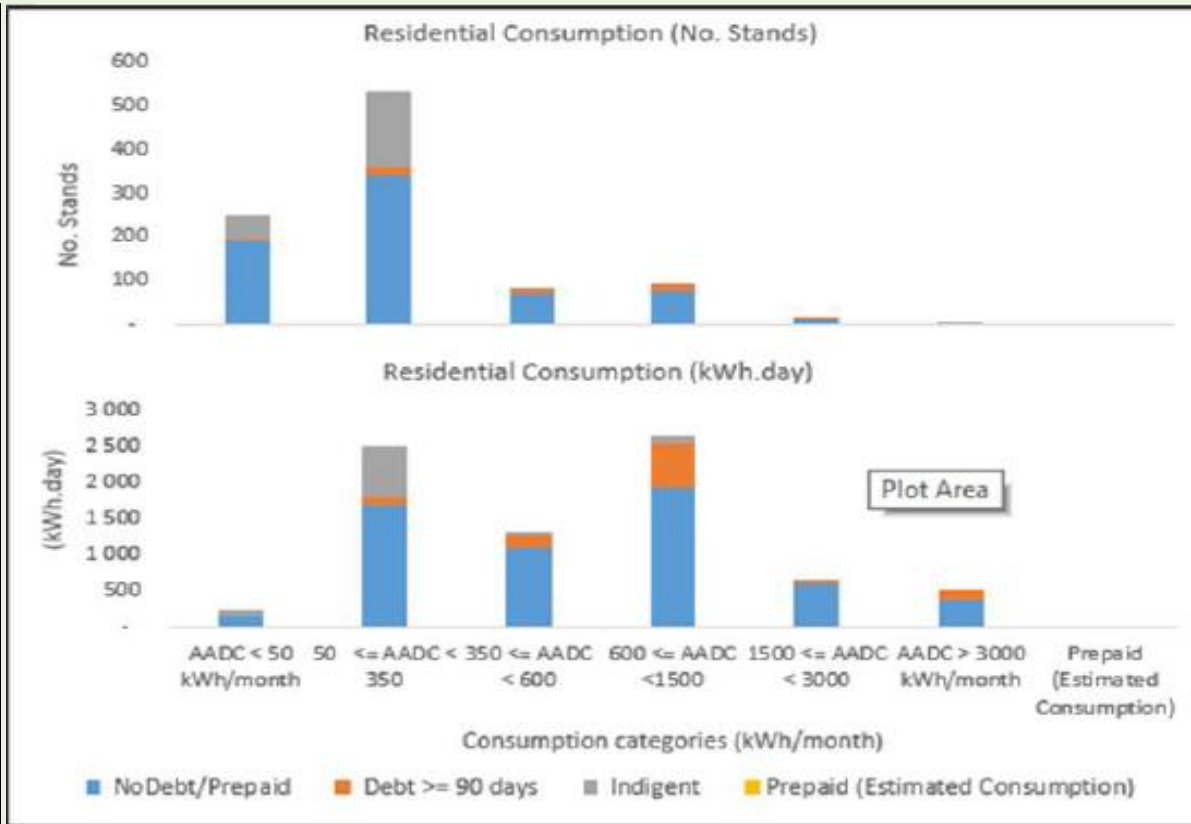
- Renew water license -Abstraction from Orange River
- Water resources study –Strydenburg
- Determine RUL (remaining useful life) of boreholes
- Determine alternative supply (if deemed required)

T 3.1.1

WATER USE

- Minimal over consumption from indigents (prepaid meters)
- Some high consumption from debtors
- Limited opportunity for saving through unpaid for consumption
- High percentage of debtors
- Debtors and Indigents use over 18 kL /month
- Significant opportunity for saving of unpaid for water consumption

Chapter 3



T 3.1.2

76% NRW in Hopetown is not sustainable. There is a significant illegal connection that is founded before treatment works. Strydenburg experiences 24% water losses. Internal water balance per reservoir supply area.

Water > 10 years: 647 meters (38%) measuring 33% of billed metered consumption

- o Replacements are required

Chapter 3

Water Balance: International Water Association standard



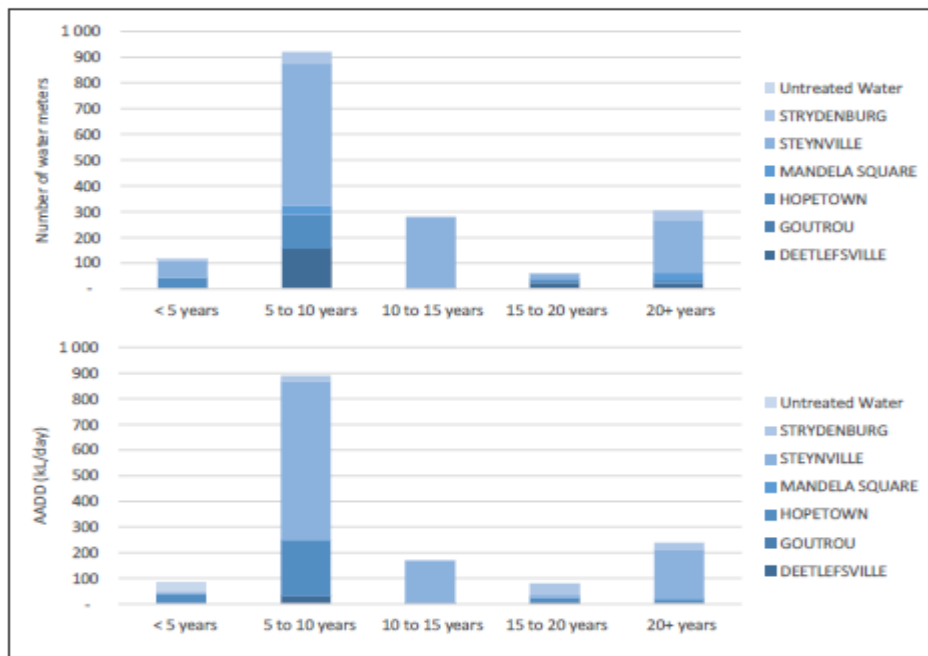
System Input Volume 2 185 171	Authorised Consumption 924 547 42%	Billed Authorised 523 742 24%	Billed Metered Consumption 523 742 24%	Revenue Water 523 742 24%		
		Unbilled Authorised 400 805 18%	Billed Unmetered Consumption 0 0%			
			Unbilled Metered Consumption 0 0%			
	Water Loss 1 260 624 58%	Commercial Losses @28% 352 975 16%	Unbilled Unmetered Consumption 400 805 18%	Unbilled Unmetered Consumption 400 805 18%	Non Revenue Water 1 561 429 76%	
			Real Losses @72% 907 649 42%	Informal 32 850 2%		Informal 32 850 2%
				Area with no accounts 135 811 6%		Area with no accounts 135 811 6%
Individual Stands with no consumption 232 144 11%	Individual Stands with no consumption 232 144 11%					
Commercial Losses @28% 352 975 16%	Unauthorised Consumption @10% 126 062 6%	Unauthorised Consumption @10% 126 062 6%				
	Real Losses @72% 907 649 42%	Customer Meter Inaccuracies @10% 126 062 6%	Customer Meter Inaccuracies @10% 126 062 6%			
		Data Transfer Errors @8% 100 850 5%	Data Transfer Errors @8% 100 850 5%			
	Real Losses 907 649 42%	Real Losses 907 649 42%				

Water Balance

	TLM	Hopetown	Strydenburg
Water Balance			
System Input	2 185 171	2 003 932	181 240
Borehole	181 241	-	181 241
River	2 003 932	2 003 932	-
Total: Authorised	924 547	786 879	137 668
Sub-Total: Billed Authorised	523 742	468 900	54 842
Billed Metered	523 742	468 900	54 842
Business/Commercial	43 331	23 418	19 913
Other	11 934	11 349	585
Residential	468 477	434 133	34 344
Billed Unmetered	-	-	-
Sub-Total: Unbilled Authorised	400 805	317 979	82 826
Unbilled Metered	-	-	-
Unbilled Unmetered	400 805	317 979	82 826
Area with no accounts	135 811	102 961	32 850
Individual Stands with no consumption	232 144	182 168	49 976
Informals	32 850	32 850	-
	-	-	-
Revenue Water	523 742	468 900	54 842
Non Revenue Water	1 661 429	1 535 032	126 398
Total: Loss	1 260 624	1 217 053	43 572
Non Revenue Water (% Input)	76.0%	76.6%	69.7%
Loss (% Input)	57.7%	60.7%	24.0%
Accuracy Indicators			
% Metered Input	100.0	100.0	100.0
% Metered Consumption	56.6	59.6	39.8

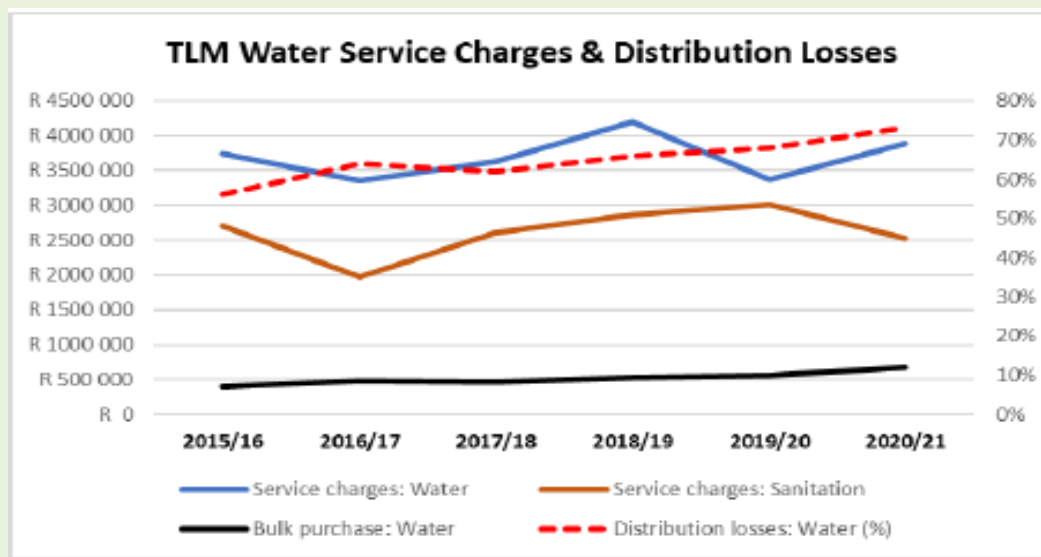
Chapter 3

Water



Financial Performance of TLM for water services reads as follows:

- Service charges decreased from 2018/19 onward
- 65% increase in cost of bulk water VS 4% increase in water service charges
- Distribution losses increased from 56% to 73%
- Increase in sanitation costs in the short to medium term (LOS & upgrading of oxidation ponds)



Chapter 3

TLM Water and Service Charges and Distribution losses						
Financial Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Service charges: Water	R 3 742 162	R 3 350 491	R 3 634 089	R 4 188 469	R 3 361 362	R 3 882 275
Service charges: Sanitation	R 2 695 917	R 1 977 246	R 2 603 769	R 2 861 368	R 3 012 986	R 2 526 529
Bulk purchase: Water	R 407 780	R 479 958	R 473 130	R 536 321	R 558 983	R 672 878
Distribution losses: Water	56%	64%	62%	66%	68%	73%

T 3.1.3

COMMENT ON WATER USE BY SECTOR:

Hopetown Water Treatment Works has a shortage of shift supervisors who are also supposed to be Class III Operators. Temporarily, a Class III Operator was employed on a month-to-month contract basis as requested for the filling of the 2 vacant posts is being considered. Currently the Water Treatment Works Plant is not complying in accordance with the Act. Requirements for the process controllers needed on accordance to the Water Act were given to the Corporate Services, however the adverts for the vacant posts do not reflect on the required requirements.

The water quality for drinking purposes is acceptable as indicated by the monthly laboratory test results. Krainkuil borehole water is of good quality and do not need further treatment.

Water is being supplied to informal settlements which are Hillside, Goutrou (both in Hopetown) and Strydenburg by the water bowser from the Department of Water and Sanitation under the drought relief project. It is important to note that all informal settlements are being served water in accordance to the RDP standards where water is been supplied within 200m radius. Currently there is no challenge in the supply of water in these areas.

T 3.1.3.1

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The capacity of the reservoirs is currently upgrade for approximately 10-year growth in development

A sharp increase in water loses over the years which is resulting in a loss for the municipality.

The main water supply for the town and townships comes from the Witpoort boreholes system. The remaining lifespan of this system is still uncertain. Therefore, the direct extraction of water out of the Orange River remains the only solution for this problem. This issue has been brought to the attention of DWA.

Contributions to water losses are related to broken meters, there are some consumers who do not have water meters whose meters were removed and there were no water meters to replace those broken meters. The other factor is the informal settlements who are not billed, there were also no meters on the connections to the water line of the informal settlements in order for their water to be registered under the unbilled metered of the water balance

T 3.1.4

Chapter 3

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sanitation is still a problem in informal settlements in the Thembelihle municipality, and in already established sanitation areas, the water system needs to be upgraded to the new waterborne sewage system.

The municipality has 1 vehicle that services the VIP toilets and Septic Tanks in both towns.

T 3.2.1

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sewerage network extension within the Thembelihle Municipal area is one of the big plans which are being conducted long term in the municipality. Sadly funding for these projects need to be sourced but will immensely increase the quality of life for all residents and visitors of Hopetown and Strydenberg.

The old oxidation pond system needs to be rehabilitated since the new ponds were successfully completed and are already in use. The eradication of the bucket system in Deetlefsville and replacement with the VIP system causes unhappiness in the community because new housing development in the area make use of a water-borne system.

Informal settlements like Goutrou and Hillside do not have adequate sanitation needs. A Business Plan for provision of decent sanitation to the areas was developed by the Technical Manager and was submitted to the Department of Water and Sanitation for possible consideration of project funding using the WSIG 2021/2022 Financial Year.

T 3.2.2

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

TLM is licenced to supply electricity to two areas:

- Hopetown
- Strydenberg

It is an MV/LV network comprised of 3 intake points.

- The estimated geographical area of supply is 12km²
- NERSA Audit estimate the Average age of the electrical infrastructure as old as 50 years

There has been an increase in prepaid meters as well as increase in those indigent households receiving the 50kw of electricity per month which did put some strain on the services rendered T 3.3.1

Chapter 3

Employees: Electricity Services				
Job Level	Year -2021			
	Employee No.	Approved Posts No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
Level 00-03	0	3	3	100%
Level 04-06	0	0	0	#DIV/0!
Level 07-09	0	0	0	#DIV/0!
Level 10-14	3	4	1	25%
Level 15-17	-	-	-	-
Totals	3	7	4	

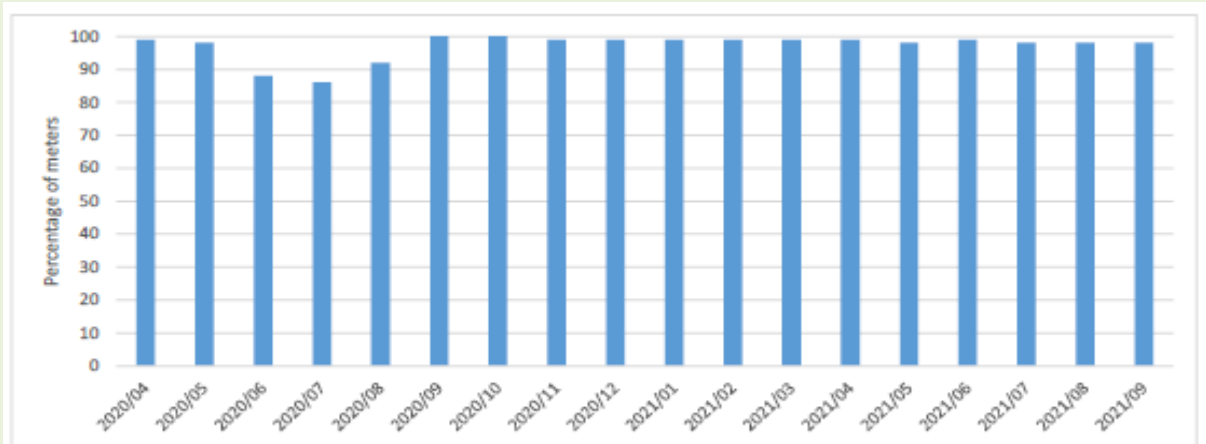
*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. * Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding 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 3.3.2

Chapter 3

Metering integrity

- Reading frequency
 - Meters with consumption
 - 98% read monthly



Electricity

The electricity consumption profile reads as follows:

- 66% of consumer pay for consumption
 - 68% of consumption
- 21% of consumers are indigent
 - 6% of consumption
- 7% of consumers are debtors
 - 18% of consumption
- 6% unbilled
 - 8% consumption

Chapter 3

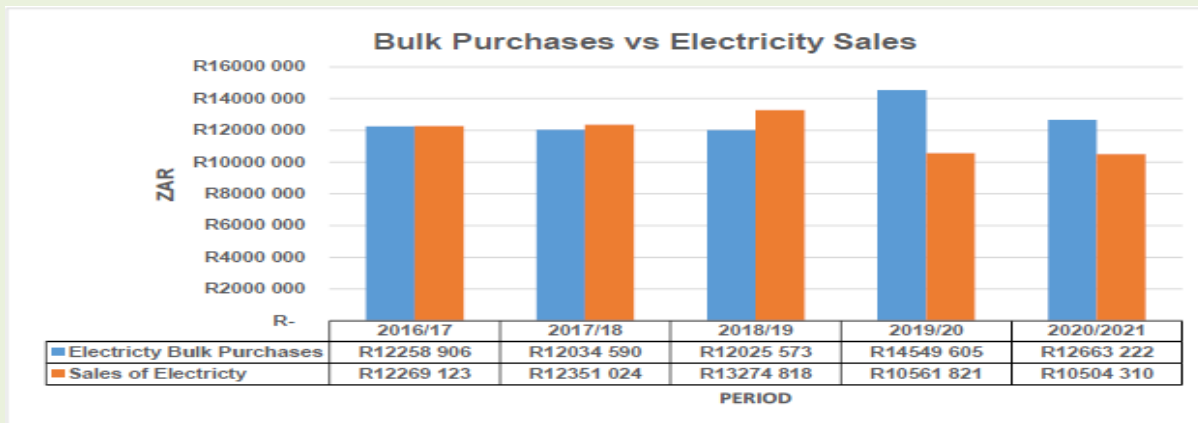
Energy Balance

	TLM	Hopetown	Strydenburg
Energy Balance			
System Input	8 004 045	6 730 895	1 273 150
Eskom	8 004 045	6 730 895	1 273 150
	-	-	-
Total: Authorised	5 476 330	4 443 279	1 033 051
Sub-Total: Billed Authorised	5 055 671	4 159 572	896 099
Billed Metered	5 055 671	4 159 572	896 099
Business/Commercial	1 532 192	1 435 046	97 146
Other	698 975	539 176	159 799
Residential	2 824 504	2 185 350	639 154
Billed Unmetered	-	-	-
Sub-Total: Unbilled Authorised	420 659	283 707	136 952
Unbilled Metered	-	-	-
Unbilled Unmetered	420 659	283 707	136 952
Area with no accounts	-	-	-
Individual Stands with no consumption	420 659	283 707	136 952
Informals	-	-	-
	-	-	-
Revenue Energy	5 055 671	4 159 572	896 099
Non Revenue Energy	2 948 374	2 571 323	377 051
Total: Loss	2 527 715	2 287 616	240 099
Non Revenue Energy (% Input)	36.8%	38.2%	29.6%
Loss (% Input)	31.6%	34.0%	18.9%
Accuracy Indicators			
% Metered Input	100.0	100.0	100.0
% Metered Consumption	92.3	93.6	86.7

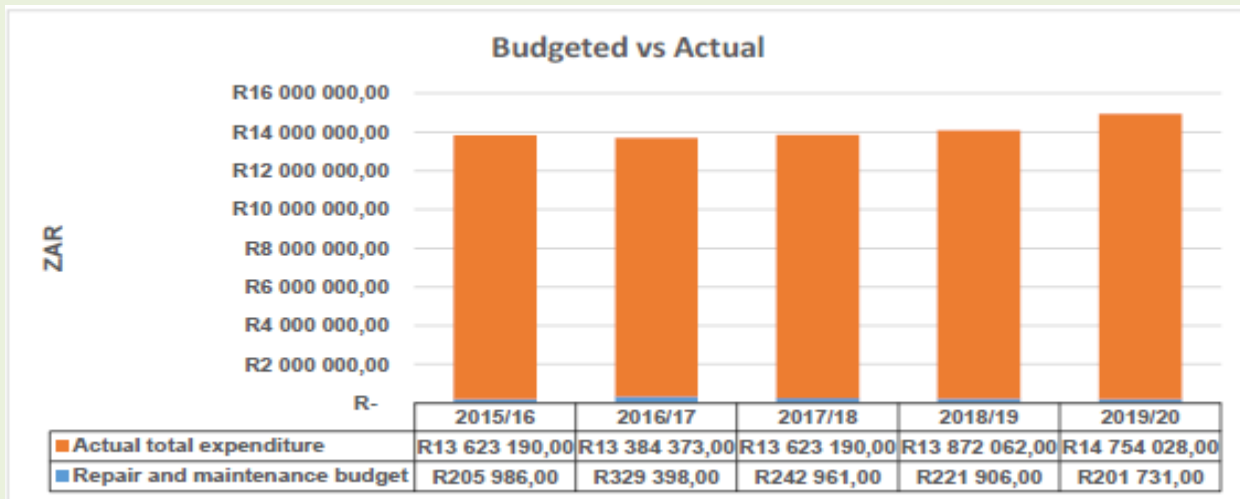
Historic Analysis of Electricity Revenue

- TLM only purchases electricity from Eskom and no other utility service provider
- Bulk purchases increase and decrease by small amounts except for in 2019
- Attributed to larger losses in that year
- Sales are declining.

Bulk Purchases increased slightly except for 2019. Decreases in the 2020 and 2021 financial years could be attributed to the impact of the Covid 19 pandemic.



Chapter 3



COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Biggest issue is the non reading of meters in the municipality and non implimenting of measures to contain electricity loss at the standard of 10%.

NERSA Audit Recommendations are as follows;

- The filling of vacancies must be concluded, and the council should prioritise the procurement of fleet.
- The payment agreement with Eskom and the current account should be honoured
- Thembelihle Local Municipality must fully ring fence its electricity business.
- The Licensee should spend most of the funds allocated for repairs and maintenance on repairs and maintenance.
- The Licensee should budget 6% of its total revenue for repairs and maintenance.
- The Licensee should strive to conduct routine maintenance on its electricity network in order to prevent unnecessary equipment failures, thus leading to the Licensee rendering poor quality of service to its customers.
- The municipal customers should be given a 14 day disconnection notice, as per NRS 048 requirements

Electrical Services needs more skilled personel in order to function as well as revised orgaogram to deal with the change in enviroment for a suitable working service.

The municipality needs to replace and repair the street lights in the identified areas of Hopetown as well as the location in order for it to meet service delivery targets.

T 3.3.3

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

Thembelihle Municipality provides refuse services at least once a week to all residents of Hopetown and Strydenberg

T 3.4.1

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Waste Management needs to become a priority in Thembelihle because not only will it cause future health hazards making it uninhabitable by residents, but it will also pollute the environment which is bad since the municipality is also trying to go green to combat its ecological footprint on the world.

Illegal dumping is a challenge persisting and as of current, the municipality has no capacity in removing the illegal dumps due to the status of its vehicles and equipment. The district municipality was approached to assist, and they indicated that they do not have equipment as they also outsource. Previously demarcated areas were identified, and perimeter enclosures were built for dumping of solid waste in the hot spots, but the structures were vandalised and bricks were stolen for private use. Request for purchase of skip bins was made so that they can be strategically placed in hot spots known for illegal dumps. In the request it was proposed that funding from the Covid 19 Relief grant be used. The advantage of skip bins is that they cannot be vandalised and stolen, and they can easily be managed by a skip truck. No response from management regarding this request has been received.

Serious need to fill the vacancies within the service as this will assist greatly in delivering better quality of service to paying residences and indigents.

Extension of Graveyard in Strydenburg:

The graveyard extension was pegged and will be fenced under EPWP once PPE and labour is provided.

T 3.4.2

3.5 HOUSING

INTRODUCTION TO HOUSING

The provision of housing is being dealt with in collaboration with Pixley ka Seme District Municipality as well as Pixley ka Seme regional office of Department of Cooperative Governance, Human Settlements and Traditional Affairs.

T 3.5.1

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The land development applications in the municipal area is currently being handled by the Technical Department whilst the approval of building plans is being done by the District municipality. The

Chapter 3

municipality do not have a building inspector to control and check compliance on buildings. The Manager Technical Services studied and acquired accreditation as a Building Inspector at his own cost. Municipality can consider using his services too.

T 3.5.2

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Thembelihle Local Municipality has a policy to identify and approve indigent applications as well as provide guidelines on the affordability of tariffs for property tax and municipal services. The Thembelihle Local Municipality indigent policy considers the following values in their policy:

- The gross household income does not exceed the sum of two old age state grants
- Tariffs and rebates applicable to indigents
- The monthly quotas of free basic metered services to be provided to the indigent is kilolitres of water and 50 kilowatt hours of electricity and basic charges
- The property rates exemption level, depending on the value of your property.
- Thembelihle is committed to provide the following free basic services:
 - * 6 kl of potable water per month per household
 - * 50 kWh of electricity for registered indigents
 - * Free refuse removal for registered indigents
 - * Free sanitation for registered indigents

Households with less than R 3 500 income per month qualify for these services at no cost

T 3.6.1

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Thembelihle Local Municipality updates its indigent register for planning purposes and funding resourcing

T 3.6.2

COMPONENT B: ROAD TRANSPORT

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

3.7 ROADS

INTRODUCTION TO ROADS

Maintenance of internal roads by Provincial Department of Public Works is ongoing process which has seen the road quality within Thembelihle increase.

T 3.7.1

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The municipality requested for assistance with funding for installation of speed humps in Steynville and Strydenburg from SANRAL. No feedback has been received though there was a commitment to assist. We require R 250 000.00 for the speed humps. Follow-ups have not yielded anything positive to

Chapter 3

date. More long term solutions would be for a Capital project which provides road services to deal with the backlogs and improve infrastructure.

T 3.7.2

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

No information available.

T 3.8.1

Municipal Bus Service Data				
Details	Year -1	Year 0		Year 1
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Passenger journeys				
2 Seats available for all journeys				
3 Average Unused Bus Capacity for all journeys	%			
4 Size of bus fleet at year end				
5 Average number of Buses off the road at any one time	%			
6 Proportion of the fleet off road road at any one time	%			
7 No. of Bus journeys scheduled				
8 No. of journeys cancelled				
9 Proportion of journeys cancelled	%			

T 3.8.2

No information available.

T 3.8.2.1

Financial Performance Year 0: Transport Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	No information available.				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

T 3.8.5

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

In Thembelihle, the stormwater drainage is dealt to gether with roads as when one builds a road there needs to be storm water infrastructure in order to make it viable.

Most of the land in Themeblihle is flat which makes drainage problems that leads major damage to roads as ponds are formed one of the big issues.

T 3.9.1

Chapter 3

Capital Expenditure Year 2020/21: Waste Management Services					
					R'000
Capital Projects	Year 2020/2021				Total project value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Upgrading of Outfall Sewer	6,232,791.00	-	5,691,412.07		6,232,791.00
					T 3.9.2

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:
 Roads and Stormwater section has no personnel at all

Other sections of the municipal technical department that have no permanent middle management and currently these are being handled by Mr. D Yola. There is ill-discipline in the Refuse Section, and it was proposed that the supervisor should be changed through a fair process that would see those that have potential in the section taking over the supervisory duties. As indicated in previous reports, there are employees who are working as general workers whilst they have some qualifications for other sections in need. Sections affected are as follows:

- Refuse
- Parks and Recreation
- Mechanical Section
- General Works
- Stores

T3.9.3

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality is an hour's drive from Kimberley which has been declared as a special economic zone which offers the opportunity to tap into the vast potential available.

The town of Hopetown is situated on the crossroads of the N12 and the route accessing the N10 at Hanover, where most of the urban development is situated within close proximity of these main routes.

T 3.10

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

The planning section needs to be strengthened. The position of Manager: Planning and Development exist on the approved staff establishment and need to be filled in the next financial year.

All town planning activities are performed by external service providers with input from municipal officials and consultations with council. Building regulations is done through shared services rendered by Pixley Ka Seme District municipality.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received						
Determination made in year of receipt						
Determination made in following year						
Applications withdrawn						
Applications outstanding at year end						

T 3.10.2

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Planning Services is understaffed of which is very worrying and hence nothing much has been done in the section so far which we hope is rectified in the upcoming year.

T 3.10.3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Economic development is aligned to the provincial and National plan of the country with regards to service delivery and other basic services.

T 3.11.1

Economic Activity by Sector				R '000
Sector	Year -2	Year -1	Year 0	
Agric, forestry and fishing	0%	0%	0%	0%
Mining and quarrying	0%	0%	0%	0%
Manufacturing	0%	0%	0%	0%
Wholesale and retail trade	0%	0%	0%	0%
Finance, property, etc.	0%	0%	0%	0%
Govt, community and social services	0%	0%	0%	0%
Infrastructure services	0%	0%	0%	0%
Total	0%	0%	0%	0%

T 3.11.2

Chapter 3

Economic Employment by Sector			
Sector	Year 1 No.	Year -1 No.	Jobs Year 0 No.
Agric, forestry and fishing	0%	0%	0%
Mining and quarrying	0%	0%	0%
Manufacturing	0%	0%	0%
Wholesale and retail trade	0%	0%	0%
Finance, property, etc.	0%	0%	0%
Govt, community and social services	0%	0%	0%
Infrastructure services	0%	0%	0%
Total	0%	0%	0%

T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

There has been a number of employments created by each sector within the Municipality in the 2020/2021. The below stipulates the employment created with regards to the EPWP.

T 3.11.4

Job Creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects No.
14 Sept 20- 04 Dec 20	Paving of church streets	14
01 Sept 20- 16 Dec 20	Cleaning of Municipal area	30
01 Feb 21	Fencing	15
<i>* Extended Public Works Programme</i>		<i>T 3.11.5</i>

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

No information available

T 3.11.6

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Three libraries service the residents of Thembelihle Municipality as well as two community halls and four cemeteries poverty.

T 3.12

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Thembelihle Local Municipality runs quality library services in the following towns: Hopetown and Strydenburg. Library services are open to the public and charge a small fee in order to lend books, where Schools pay a much-reduced fee for learners to use the library

T3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

No information available.

T 3.12

Chapter 3

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

Libraries have many books which is always a good thing for an education driven country as South Africa is in Africa, it is also well supported by Department Arts and Culture and properly manned.

Different programs as contained in the business plan are run

T 3.12.3

3.13 CEMETORIES AND CREMATORIIUMS

INTRODUCTION TO CEMETORIES & CREMATORIIUMS

Extension of Graveyard in Strydenburg

The graveyard extension was pegged and will be fenced under EPWP once PPE and labour is provided.

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIIUMS

No information available.

T 3.13.2

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIIUMS OVERALL:

No information available.

T 3.13.3

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

No information available.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

No information available

T 3.14.2

Chapter 3

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

No information available.

T 3.14.3

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

No information available.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

No information available.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

No information available.

T 3.15.2

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	No information available.				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

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 3.15.4

Chapter 3

Financial Performance Year 0: Pollution Control						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:	No information available.					
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.15.5

Capital Expenditure Year 0: Pollution Control						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
No information available.						
Project A						
Project B						
Project C						
Project D						
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.15.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

No information available.

T 3.15.7

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

No information available.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

No information available.

T 3.16.2

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	No information available.				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					
<i>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.</i>					

T 3.16.4

Chapter 3

Financial Performance Year 0: Bio-Diversity; Landscape and Other						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:	No information available.					
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.16.5

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
No information available.						
Project A						
Project B						
Project C						
Project D						
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.16.6

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

No information available.

T 3.16.7

COMPONENT F: HEALTH

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

INTRODUCTION TO HEALTH

Note: Recent legislation includes the National Health Act 2004.

No information available

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS.

No information available

T 3.17.1

Chapter 3

Service Data for Clinics				
Details	Year -2	Year -1		Year 0
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Average number of Patient visits on an average day	No information available.			
2 Total Medical Staff available on an average day				
3 Average Patient waiting time				
4 Number of HIV/AIDS tests undertaken in the year				
5 Number of tests in 4 above that proved positive				
6 Number of children that are immunised at under 1 year of age				
7 Child immunisations above compared with the child population under 1 year of age	%	%	%	%
T 3.17.2				

Concerning T 3.17.2

No information available

T 3.17.2.1

Employees: Clinics					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	No information available.				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					
<p>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.</p>					
T 3.17.4					

Financial Performance Year 0: Clinics						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:	No information available.					
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
<p>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.</p>						
T 3.17.5						

Chapter 3

Capital Expenditure Year 0: Clinics						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
No information available.						
Project A						
Project B						
Project C						
Project D						
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).						T 3.17.6

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

No information available.

T 3.17.7

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

No information available.

T 3.18.1

Ambulance Service Data				
Details	Year -2	Year -1		Year 0
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Number of patients taken to medical facilities during the year	No information available.			
2 Average time from emergency call to arrival at the patient - in urban areas				
3 Average time from emergency call to arrival at the patient - in rural areas				
4 Average time from emergency call to the transportation of patient to a medical facility - in urban areas				
5 Average time from emergency call to the transportation of patient to a medical facility - in rural areas				
6 No. ambulance				
7 No. paramedics				
T 3.18.2				

Concerning T 3.18.2

No information available.

T 3.18.2.1

Chapter 3

Employees: Ambulances					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	No information available.				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

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 3.18.4

Financial Performance Year 0: Ambulances						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	No information available.					
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 3.18.5

Capital Expenditure Year 0: Ambulances						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	No information available.					
Project A						
Project B						
Project C						
Project D						

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.18.6

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:

No information available.

T 3.18.7

Chapter 3

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

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

No information available.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc

No information available.

T 3.19.2

Employees: Health Inspection and Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	No information available.				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

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 3.19.4

Financial Performance Year 0: Health Inspection and Etc					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	No information available				
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 3.19.5

Chapter 3

Capital Expenditure Year 0: Health Inspection and Etc					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	No information available				
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:

No information available.

T 3.19.7

COMPONENT G: SECURITY AND SAFETY

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

INTRODUCTION TO SECURITY & SAFETY

No information available.

T 3.20

3.20 POLICE

INTRODUCTION TO POLICE

No information available.

T 3.20.1

Metropolitan Police Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	N/A			
2	Number of by-law infringements attended				
3	Number of police officers in the field on an average day				
4	Number of police officers on duty on an average day				
					T 3.20.2

Concerning T 3.20.2

No information available

T 3.20.2.1

Chapter 3

Employees: Police Officers					
Job Level	Year -1	Year 0			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police Officers					
0 - 3	No information available				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

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 3.20.4

Financial Performance Year 0: Police					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Police Officers				17713	
Other employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure	0	0	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 3.20.5

Capital Expenditure Year 0: Police					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
	Nil				
Project A					280
Project B					150
Project C					320
Project D					90

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

T 3.20.6

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:

No information available.

T 3.20.7

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

No information available.

T 3.21.1

Chapter 3

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	Nil			
2	Total of other incidents attended in the year				
3	Average turnout time - urban areas				
4	Average turnout time - rural areas				
5	Fire fighters in post at year end				
6	Total fire appliances at year end				
7	Average number of appliance off the road during the year				
					T 3.21.2

Concerning T3.21.2

No information available.

T 3.21.2.1

Employees: Fire Services					
Job Level	Year -1 Employees	Year 0			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	Nil				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

*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 3.21.4

Financial Performance Year 0: Fire Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Nil				
Expenditure:					
Fire fighters					
Other employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.21.5

Chapter 3

Capital Expenditure Year 0: Fire Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
	Nil				
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

No information available.

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

No information available.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

No information available.

T 3.22.2

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	Nil				
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

*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 3.22.4

Chapter 3

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	Nil				
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.22.5

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	Nil				
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.22.6

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

No information available

T 3.22.7

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: Corporate Policy Offices, Financial Services, Human Resource Services, ICT Services, Property Services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Herewith information pertaining to our Corporate Services, Financial Services and Human Resource services.

The municipality does not have a functional ICT unit.

T 3.24

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

We are a low-capacity municipality. The work is performed by a few committees of council and the senior managers and staff of the municipality.

The Council portfolio committees assist in the processing of matters before final decisions are made. The portfolio committees and the Municipal Public Accounts Committee enhances council oversight over administrative processes.

The municipal manager is responsible for overall management and ultimately accountability of all inputs, outputs and how outcomes are achieved.

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

No information available.

T 3.24.2

Chapter 3

Employees: The Executive and Council				
Job Level	Year -2021			
	Employee No.	Approved Posts No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
Level 00-03	1	1	1	100%
Level 04-06	1	1	0	0%
Level 07-09	2	4	2	50%
Level 10-14	1	3	2	67%
Level 15-17	-	-	-	-
Totals	5	9	5	

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 adjustment 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 3.24.3

Financial Performance Year 2020-21: The Executive and Council					R'000
Description	2019/2020	2020/21		2020/21 Variance %	
		Original Budget	Adjustments Budget	Actual	Original Budget
	Actual				
Total Operational Revenue		4,176,095	4,176,095	1,227,929	-71%
Expenditure:					
Employees		31,541,194	33,393,200	38,143,333	21%
Repairs and Maintenance		753,284	753,284	696,163	-8%
Other		13,498,988	16,346,379	17,115,528	27%
Total Operational Expenditure		45,793,466	50,492,863	55,955,024	22%
Net Operational Expenditure		41,617,371	46,316,768	- 54,727,095	

*Variances are calculated by dividing the difference between the actual and the original/adjustment budget by the actual. T 3.24.4

Chapter 3

Capital Expenditure Year 0: The Executive and Council					
Capital Projects	Year 0				R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
	None.				
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.24.6

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

No information available.

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

There is a Budget and Treasury Office (BTO) established and functional in the municipality. The majority of posts at the BTO are filled but the ever-increasing workload necessitate the filling of all vacancies. Once sufficient funding is available, vacant post will be filled so as to handle the workload.

The BTO is tasked with the provision of financial services in an accountable, effective and transparent manner. Strict measures are in place to protect the financial integrity of the municipality as well as to ensure compliance with the MFMA.

T 3.25.1

Chapter 3

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates							
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse							
Other							
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							T 3.25.2

<p>COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:</p> <p>None</p>	T 3.25.3
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3.26 HUMAN RESOURCE SERVICES

<p>INTRODUCTION TO HUMAN RESOURCE SERVICES</p> <p>As per the head count conducted for the 2020/21 financial year, the Human Resource department had 5 officials; an HR officer, Chief administrator, an intern, a registry clerk, all of whom were reporting to the Manager of Corporate Services</p>	T 3.26.1
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<p>SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES</p> <p>Human Resources main functions (services) include amongst others the following:</p> <ul style="list-style-type: none"> * Recruitment & Selection * Training & Development * Employee Assistance Programmes * Labour Relations * Occupational Health & Safety * Policy development 	T 3.26.2
---	----------

Chapter 3

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Human Resources is the heartbeat of any organization and at Thembelihle Local Municipality Human Resources attempts to ensure the successful capacitation of the municipality.

As previously mentioned, the identified human capacity shortage needs to be supplemented as per the Organogram.

T 3.26.3

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The municipality has no formally established IT services.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

No information available

T 3.27.2

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

No information available

T3.27.3

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

These services are provided by an overextended Corporate Services Department employing the services of external service providers where the capacity is needed

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

No information available

T 3.28.2

Chapter 3

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

Miscellaneous functions are handled by the Pixley Ka Seme District Municipality and the Northern Cape Provincial Government.

T 3.29.0

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

Chapter 3

2020/2021 ORGANISATION PERFORMANCE SCORECARD



Chapter 3

National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM 2	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawe s/ Office Expenditure	Attend quarterly Intergovernmental Forums	Jack Michael Ruben (Municipal Manager)	0	4	Attended IGR Meeting in September 2020	Attended 2 IGR Meetings	Attend quarterly Intergovernmental Forums		Attended IGR Meeting in September 2020	2#	1#	1#

Chapter 3

National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM 3	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Convene Quarterly Council meets the people meetings	Jack Michael Ruben (Municipal Manager)	0	4	Meetings were placed on the year planner. Due to Covid these meetings have not taken place	No meetings were held due to Covid 19	Council meets the people meeting convened		Meetings were placed on the year planner. Due to Covid these meetings have not taken place	0	1	1

Chapter 3

National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM 4	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgaves/ Office Expenditure	Report quarterly on the functioning of Ward Committee's	Jack Michael Ruben (Municipal Manager)	0	4	Minutes and ward attendance registers are submitted quarterly	Ward Committees are functional and reports are being submitted	Reported on the functioning of the Ward Committee's		Minutes and ward attendance registers are submitted quarterly	1	1	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM 5	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgaves/ Office Expenditure	Report on the functioning of Community Development Workers	Jack Michael Ruben (Municipal Manager)	0	4			No report compiled on the functioning of the CDW				0	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM 6	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Ensure that all departments provides section 79 reports on a monthly basis to council.	Jack Michael Ruben (Municipal Manager)	0	4	All section 79 reports have been submitted to the various portfolio's		MPAC meetings held and reports submitted		All section 79 reports have been submitted to the various portfolio's		1	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM7	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgaves/ Office Expenditure	Submit quarterly internal audit reports to council	Jack Michael Ruben (Municipal Manager)	0	4	Internal Audit Reports are submitted to MPAC at Present		Internal audit report submitted		Internal Audit Reports are submitted to MPAC at Present		1	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MM 8	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgaves/ Office Expenditure	Update and maintain the municipal Website and report quarterly	Jack Michael Ruben (Municipal Manager)	0	4	Website is regularly updated and reported on	Report drafted and submitted	Website regularly updated		Website is regularly updated and reported on	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	CS 012	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Develop customer care register and provide report quarterly to council	Oliphant Trevin Ralph (Corporate Service Manager)	0	4	A register has been developed and in place. No complaints have been lodged during the quarter under review	A register has been developed but clients are not using it	A register has been developed and in place for complaints to be lodged during the quarter under review		A register has been developed and in place. No complaints have been lodged during the quarter under review	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	MCS 1	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Compilation and submission of annual report 19/20 to council by 31 January 2021	Oliphant Trevin Ralph (Corporate Service Manager)	0	4			No annual report submitted			N/A	0	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure , staff establishment, PMS and recruitment and selection	MCS 2	Budget Control & monitoring	Monitoring and Reporting	Develop and facilitate the signing of Performance Agreements/ Plans for Municipal Manager and all Section 56 Managers 2020/2021	Oliphant Trevin Ralph (Corporate Service Manager)	0	4	Performance Plans and agreements drafted and signed	Target has been met in the first quarter			Performance Plans and agreements drafted and signed		N/A	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure , staff establish	MC S 3	Budget Control & monitoring	Monitoring and Reporting	Review and report on employment equity by 28 February 2021	Oliphant Trevin Ralph (Corporate Service Manager)	0	4			No funds_ Non compliant			N/A	0	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ment, PMS and recruitment and selection strategy of the municipality															
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 01	Planning & Development	0505/1655/0000_Planning & Development - PMU_MIG/ PMU Allocation_Operational	1 Instructure plan developed and approved by 30 June 2021	Marufu Stephen (Technical Services Manager)	0	1	Developed specifications and awaiting advertising this plan is for water and				Developed specifications and awaiting advertising this plan is for water and	N/A	N/A	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
									sewer infrastructure				sewer infrastructure			
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 02	Planning & Development	0505/1655/0000_Planning & Development - PMU_MIG/ PMU Allocation_Operational	Develop and submit an operational and maintenance plan to council by 30 March 2021 for approval	Marufu Stephen (Technical Services Manager)	0	1 operational and maintenance plan						N/A	0	N/A
KPA 1: BASIC SERVICE DELIVERY AND	To improve and provide basic services	TS 04	To improve water quality and	Water Reticulation and Administration	Achieves a 0% alkaline in the drink water quality and report quarterly as	Marufu Stephen (Technical Services Manager)	0	0%	Regular Test are being conducted	0% Alkaline is achieved in the	Regular Test are being conducted and the		Regular Test are being conducted	0	0	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
INFRASTRUCTURE DEVELOPMENT	of good quality to the residents		continuity of water services to residents		per SANS241 requirements for all water sampling points				ected and the results are <1	water quality	results are <1		ected and the results are <1			
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 05	To improve electrical infrastructure and related services of the munic	Electricity Distribution and Administration	Reduce electricity losses from 60% to 20% percentage and report quarterly thereon (Number of Kilowatts sold)/number of Kilowatts) x 100)	Marufu Stephen (Technical Services Manager)	0	4 Reports Submitted		Awaiting Chrry Picker to clear the lines this will assist in bringing down			No comment captured	60% Report on the percentage electricity unaccounted - 100.00%	38% Report on the percentage electricity unaccounted - 100.00%	38% Report on the percentage electricity unaccounted - 0.00%

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
			ipality							the losses that is currently at 60%						
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 07	To improve water quality and continuity of water services to residents	Water Reticulation and Administration	Develop a water strategy and management plan	Marufu Stephen (Technical Services Manager)	0	1 Complete plan		Plan has been developed and implemented				1	N/A	N/A
KPA 1: BASIC	To improve	TS 08	To improve	Roads and	Develop and compile a	Marufu Stephen	0	1 Plan devel	Plan devel	Road and			Plan devel	1	N/A	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	and provide basic services of good quality to the residents		ve road infrastructure and related facilities to support the economic and social requirement of the municipality	Storm water Administration	road and storm water master plan	(Technical Services Manager)			oped to expire 2021	Storm Water master plan developed			oped to expire 2021			

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 09	To improve road infrastructure and related facilities to support the economic and social requirement of the munic	Roads and Storm water Administration	Report on the percentage of road maintenance budget spent	Marufu Stephen (Technical Services Manager)	0	4 Reports Submitted		MIG project has been halted due to COVID 19			1	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
			ipality													
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 10	To improve road infrastructure and related facilities to support the economic and social requirements	Roads and Storm water Administration	Report on Maintaining all of storm water channels	Marufu Stephen (Technical Services Manager)	0	4	Civil Report Submitted	Report developed and submitted	Civil progress report submitted		Civil Report Submitted	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
			t of the municipality													
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 11	To improve road infrastructure and related facilities to support the economic and social require	Roads and Storm water Administration	Report on the Percentage of the Road Maintenance budget spent on storm water channels	Marufu Stephen (Technical Services Manager)	0	4		No report can be supplied as the maintenance of storm water				0	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
			ement of the municipality													
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 12	To improve electrical infrastructure and related services of the municipality	Electricity Distribution and Administration	Maintain street lights to working order and report thereon	Marufu Stephen (Technical Services Manager)	0	4	Report Submitted	No maintenance done during the quarter under review			Report Submitted	0	1	1
KPA 1:	To	TS	To	Electric	Monitor and	Marufu	0	4	All		Reporte		All	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	provide spatial framework for future developmental purposes .	13	provide spatial framework for future developmental purposes.	ation Turnkey	Report on the Electrification Turnkey Project	Stephen (Technical Services Manager)		Reports Submitted	Civil Projects are being reported on		d on the project		Civil Projects are being reported on			
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE	To provide spatial framework for future developmental purposes	TS 13	To provide spatial framework for futur	Electrification Turnkey	Monitor the completion of 50 Household connections in the Hillside Settlement	Marufu Stephen (Technical Services Manager)	0	50 Housholds					No comment captured	N/A	N/A	

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DEVELOPMENT	.		developmental purposes.													
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To provide spatial framework for future developmental purposes .	TS 14	To provide spatial framework for future developmental purposes.	Sanitation	Report on the completion of phase 2 of the Outfall Sewer	Marufu Stephen (Technical Services Manager)	0	2	Reports submitted project in progress	Report submitted project on going	Submitted Progress Report		Reports submitted project in progress	1	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To provide spatial framework for future developmental purposes.	TS 15	To provide spatial framework for future developmental purposes.	Sports Fields	Report on the Construction 1 x Sports field in Ward 2	Marufu Stephen (Technical Services Manager)	0	Report quarterly on progress	The service provider is not yet appointed so there is nil report regarding to construction. Construction will only	Will report once contract commence			The service provider is not yet appointed so there is nil report regarding to construction. Construction will only	0	N/A	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
									start when appointment has been made				start when appointment has been made			
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To provide spatial framework for future developmental purposes.	TS 14	To provide spatial framework for future developmental purposes.	Sports Fields	Construct 1 x Sports field in Ward 2 by 30 June 2021	Marufu Stephen (Technical Services Manager)	0	1 Sports field					No comment captured	N/A	N/A	1 Adjudicate tender - 0.00%

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To provide spatial framework for future developmental purposes.	TS 16	To provide spatial framework for future developmental purposes.	Water Treatment Works	Report on the upgrading of the Wastewater Treatment Works	Marufu Stephen (Technical Services Manager)	0	1	Contractor has been appointed to commence with work	Report submitted project on going	Submitted and reported		Contractor has been appointed to commence with work	1	1	1
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT	The municipality to ensure accurate and professional	CFO 1	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administ	MFMA quarterly reports to council, National Treasury, Provincial	Shuping Radiile Jacob (Chief Financial Officer)	0	MFMA quarterly reports to council,	Data Strings submitted but report	Data Strings submitted but report	Quarter 3 reports submitted to National Treasury		Data Strings submitted but report	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
T & VIABILITY	nal reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.			ration	Treasury			National Treasury, Provincial Treasury	will only be tabled in the 3rd quarter due to covid	will only be tabled in the 3rd quarter due to covid			will only be tabled in the 3rd quarter due to covid			

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the impleme	CFO 2	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Timeously submission of Mid year report to Council. National & Provincial Treasury, Mayor as per MFMA requirement.	Shuping Radiile Jacob (Chief Financial Officer)	0	Timeously submission of Mid year report to Council. National & Provincial Treasury, Mayor as per MFMA requirement.			Mid year assessment report submission.			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ntation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the	CFO 3	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Report Quarterly on progress made in implementing the audit action plan	Shuping Radiile Jacob (Chief Financial Officer)	0	4	Target not met. Plan not tabled to council due to covid altho	Due to an extension granted in terms of MFM A circular 104	Reported on progress made in implementing the audit action plan		Target not met. Plan not tabled to council due to covid altho	0	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.								ugh the department is addressing issues raised . Report will be submitted to council in the third quarter.	this KPI will be reported on commencing in quarter 3			ugh the department is addressing issues raised . Report will be submitted to council in the third quarter.			

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	TS 03	To improve water quality and continuity of water services to residents	Water Reticulation and Administration	Reduce water losses from 68% to 30% Percentage.(Number of kilolitres water purchased or purified - number of kilolitres waters sold)/number of kilolitres water purchased or purified) x 100]	Marufu Stephen (Technical Services Manager)	0	4 Reports on the reduction of losses	as per the water balance sheet losses is currently being curbed at 13%	Water losses is currently at 13%			as per the water balance sheet losses is currently being curbed at 13%	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the impleme	CFO 4	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Timeously approval of annual budget per MFMA requirement.	Shuping Radiile Jacob (Chief Financial Officer)	0	1 annual budget adopted by Council by end of May 2020			Submitted and reported for approval			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ntation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted monthly (Section	CFO 5	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Prepare and submit an Adjustment Budget to Council by 28 February 2021	Shuping Radiile Jacob (Chief Financial Officer)	0	1 Adjustment Budget			Drafted and submitted the Adjustment budget for 2021			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	71,72 and 46) and see to the implementation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted	CFO 6	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Approval of Electricity tariffs by NERSA	Shuping Radiile Jacob (Chief Financial Officer)	0	1 Tariff approval						N/A	N/A	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	d monthly (Section 71,72 and 46) and see to the implementation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the	CFO 7	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Achieve a collection rate of 75% per annum and report quarterly (Gross Debtors Opening Balance + Billed Revenue –	Shuping Radiile Jacob (Chief Financial Officer)	0	75% collection rate	The report shows that the collection Ratio is currently at 57%	Collection rate currently is at 57%			The report shows that the collection Ratio is currently at 57%	57	0	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.				Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100)											
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports	CFO 7	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Maintain a cost coverage ratio of 1 to 3 months and report thereon	Shuping Radiile Jacob (Chief Financial Officer)	0	1 to 3 Months	Ratio is at - 0.23: to 1	Cost coverage ratio is currently at 0.01	Calculated the cost coverage ratio, Due to financial constraints the		Ratio is at - 0.23: to 1 Cost coverage Ratio is at -	0 Calculate the cost coverage ratio (((Cas	1 Calculate the cost coverage ratio (((Cas	1 Calculate the cost coverage ratio (((Cas

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020- Actual	Qtr Ending 31 December 2020- Actual	Qtr Ending 31 March 2021- Actual	Qtr Ending 30 June 2021- Actual
TY	as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.										ratio is below the norm		0.23	h and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure	h and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure	h and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribe	CFO 8	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	the percentage of registered indigent households with access to free basic services	Shuping Radiile Jacob (Chief Financial Officer)	0	100%	In terms of the indigent support Eskom is still in the	All registered indigent is receiving free services	All registered indigent is receiving free services		In terms of the indigent support Eskom is still in the	100	80	100

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	d by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.								process of verifying 20% on clients on out indigent list				process of verifying 20% on clients on out indigent list			
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE	To improve and provide basic services of good quality to	3.4.5	To improve road infrastructure and	Roads and Storm water Administration	Report on the commissioning of 7 Boreholes	Marufu Stephen (Technical Services Manager)	0	4 Reports Submitted	Site Minutes on Boreholes submitted	Site Minutes received and reported	Monitoring and reporting on Boreholes		Site Minutes on Boreholes submitted	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
URE DEVELOPMENT	the residents		related facilities to support the economic and social requirement of the municipality							there on						
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICI	Improve the communication and liaison with	3.4.6	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor	Submit Annual Training Report to the Municipal Manager	Oliphant Trevin Ralph (Corporate Service Manager)	0	1 Annual Report		Report Submitted to the Municipal				1	N/A	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
PATION	communities and stakeholders in order to improve service delivery and harmony in the municipality			Uitgawes/ Office Expenditure						Manager						
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as	3.4.7	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Draft the Annual Budget and review the Financial Policies by 31 March 2021	Shuping Radiile Jacob (Chief Financial Officer)	1	1 draft budget			The tabled Draft Budget and Draft Reviewed IDP 2021/22 adopted			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANA GEMEN	The municipality to ensure accurate and professional	4.3.7	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administ	Submit Quarterly Reports to Council on the Performance of External	Shuping Radiile Jacob (Chief Financial Officer)	0	4 Reports Submitted	Report will be submitted in the second		No report compiled on the performance of external		Report will be submitted in the second		1	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
T & VIABILITY	Annual reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.			ration	Service Providers				d quarter		service providers		d quarter			
KPA 3: MUNICIPAL FINANC	The municipality to ensure	3.4.7	Budget and Finan	C205/N764/F001_Executive &	Report Quarterly on Spending of Conditional	Marufu Stephen (Technical Services	0	4 Reports Submi	Spending Reported to	Report on Grant Spend	Reports provided for spendin		Spending Reported to	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
IAL MANA GEMEN T & VIABIL ITY	accurate and professional reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.		cial Reporting	Council - Finance Administration	Grants	Manager)		tted	MIG	ing Submitted	g of grants		MIG			

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the impleme	3.4.7	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Report Quarterly on Spending of Conditional Grants	Oliphant Trevin Ralph (Corporate Service Manager)	0	4 Reports Submitted	Service level agreement signed for grant funding no funding received yet	Plan submitted awaiting funding to enable spending being reported there on.	Reports provided for spending of grants		Service level agreement signed for grant funding no funding received yet	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ntation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted monthly (Section	3.4.7	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Report Quarterly on Spending of Conditional Grants	Shuping Radiile Jacob (Chief Financial Officer)	0	4 Reports Submitted	Monthly reports submitted to departments		Reports provided for spending of grants		Monthly reports submitted to departments		1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	71,72 and 46) and see to the implementation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted	4.3.8	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Draft Audit Action plan and submit for approval	Shuping Radiile Jacob (Chief Financial Officer)	0	1 plan			Audit action plan drafted and submitted to council for approval			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	d monthly (Section 71,72 and 46) and see to the implementation of MFMA.															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of	3.4.8	Asset management	0303/0706/0000_Corporate Services - Fixed Property & Building_Huur: Meent/Hire:	Report quarter on compliance with the Commonage Lease agreement	Oliphant Trevin Ralph (Corporate Service Manager)	0	3 Reports Submitted		Commonage Report Developed and submitted	Commonage report submitted		1	1	1	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	the organisational structure , staff establishment, PMS and recruitment and selection strategy of the municipality			Commo nage												
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTION	To ensure a municipality that is stable and has organisational	3.4.9	Budget Control & monitoring	Monitoring and Reporting	Annually Review the Organogram and submit to council	Oliphant Trevin Ralph (Corporate Service Manager)	1	1 Organogram Reviewed			Reviewed the organogram for all departments.			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
AL DEVELOPMENT	discipline through the review of the organisational structure , staff establishment, PMS and recruitment and selection strategy of the municipality															
KPA 4: MUNICIPAL TRANSF	To ensure a municipality that	3.4.7	Budget Control &	Monitoring and Reporting	Submit Quarterly Reports to the MM on	Marufu Stephen (Technical Services	0	3 Reports Submi		Report submitted	Prepared a departmental		1	1	1	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
ORMATION & INSTITUTIONAL DEVELOPMENT	is stable and has organisational discipline through the review of the organisational structure , staff establishment, PMS and recruitment and selection strategy of the municipality		monitoring		the functioning of Department	Manager)		tted		to the Municipal Manager	report and submitted					

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure , staff establishment, PMS and recruitment and selection	3.4.9	Budget Control & monitoring	Monitoring and Reporting	Submit Quarterly Reports to the MM on the functioning of Department	Shuping Radiile Jacob (Chief Financial Officer)	0	3 Reports Submitted			No report was compiled				0	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure , staff establish	3.4.9	Budget Control & monitoring	Monitoring and Reporting	Submit Quarterly Reports to the MM on the functioning of Department	Oliphant Trevin Ralph (Corporate Service Manager)	0	3 Reports Submitted		Departmental Report Developed and submitted	Departmental report submitted		1	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ment, PMS and recruitment and selection strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisat	3.4.9	Budget Control & monitoring	Monitoring and Reporting	Conduct Monthly Visits to all satellite offices	Oliphant Trevin Ralph (Corporate Service Manager)	0	9 visits conducted	Visits have been conducted and is reported on in the Departmental Report	Visits have been conducted for the quarter 3			3	3	3	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ional structure, staff establishment, PMS and recruitment and selection strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through	3.4.9	Budget Control & monitoring	Monitoring and Reporting	Conduct Monthly Visits to all satellite offices	Shuping Radiile Jacob (Chief Financial Officer)	0	9 visits conducted			Visited the satellite offices for the quarter				3	3

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
OPMENT	the review of the organisational structure , staff establishment, PMS and recruitment and selection strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION &	To ensure a municipality that is stable and has	3.4.9	Budget Control & monitoring	Monitoring and Reporting	Conduct Monthly Visits to all satellite offices	Marufu Stephen (Technical Services Manager)	0	9 visits conducted		3 site visits conducted	Satellite visit conducted		3	1	1	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the impleme	3.4.9	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Develop the schedule of key deadlines as per the MFMA and submit to council	Shuping Radiile Jacob (Chief Financial Officer)	1	1	Schedule of Key-Deadlines developed and advertised in August 2020				Schedule of Key-Deadlines developed and advertised in August 2020	N/A	N/A	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ntation of MFMA.															
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the	3.4.9	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Report on all JOB Creation Activities	Marufu Stephen (Technical Services Manager)	0	4 Reports Submitted	Job creation activities summarised in department report	Reported as part of EPWP function	Reported as part of EPWP function		Job creation activities summarised in department report	1	1	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	municipality															
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	3.4.9	Planning & Development	Housing Facilitation	report quarterly on the obtaining of Title Deeds for housing beneficiaries	Oliphant Trevin Ralph (Corporate Service Manager)	0	3 Reports Submitted							N/A	0
KPA 1: BASIC SERVICE DELIVERY AND	To improve and provide basic services	3.4.9	Planning & Development	0505/1655/0000_Planning & Development -	Review the SPLUMA By-law	Oliphant Trevin Ralph (Corporate Service Manager)	0	1 SPLUMA By-law reviewed					No comment captured	N/A	N/A	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
INFRASTRUCTURE DEVELOPMENT	of good quality to the residents			PMU_MIG/PMU Allocation_Operational												
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	3.4.9	Planning & Development	Housing Facilitation	Process all building plans within 10 works days of receipt	Marufu Stephen (Technical Services Manager)	0	10 working days	No plans were lodged during the period under review	No plans were received and processed during the quarter under review	Building Plans are not processed within 10 working days		No plans were lodged during the period under review	10 days	0 days	0 days

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	3.4.9	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgaves/ Office Expenditure	Provide an Overview Report on the functioning of council during the current term of council	Jack Michael Ruben (Municipal Manager)	0	1 report						N/A	N/A	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipality	CS 0054	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Convene 4 x Training committee meetings	Oliphant Trevin Ralph (Corporate Service Manager)	0	4	Meeting did not take place due to regulations	Training Committee sit in LLF there its activities have been minuted under LLF.	Training Committee sit in LLF there its activities have been minuted under LLF.		Meeting did not take place due to regulations	1	1	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure , staff establishment, PMS and recruitment and selection	CS 0055	Budget Control & monitoring	Monitoring and Reporting	Convene 8 x Local Labour Forum meetings	Oliphant Trevin Ralph (Corporate Service Manager)	0	8 LLF Meetings	Meeting did not take place due to regulations	Only one meeting has been convened due to COVID	Only one meeting has been conveyed for this quarter		Meeting did not take place due to regulations	1	1	3

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure, staff establish	CT 006	Budget Control & monitoring	Monitoring and Reporting	100% Disciplinary cases reported and completed	Oliphant Trevin Ralph (Corporate Service Manager)	0	100%	Matter is currently being heard and should be finalised by the end of the third quarter no portfo	Matter is currently being heard and should be finalised by the end of the third quarter no portfo	Cases reported on the Departmental report		Matter is currently being heard and should be finalised by the end of the third quarter no portfo	75	1	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	ment, PMS and recruitment and selection strategy of the municipality								lio of evidence presented as matter is sub judicial	lio of evidence presented as matter is sub judicial			lio of evidence presented as matter is sub judicial			
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY	The municipality to ensure accurate and professional reports as prescribed by the	CS 007	Budget and Financial Reporting	0301/3809/0000_Corporate Services - Administration_General	Compile the SDBIP for the 2021/2022 financial year and present to council	Oliphant Trevin Ralph (Corporate Service Manager)	0	1 SDBIP Approved by Council			SDBIP for 2021/2022 compiled and submitted			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.															
KPA 2: LOCAL ECONOMIC DEVELOPMENT	Contribution to the creation of communities where residents	CS 008	To provide Town Planning and Township	0501/4479/0000_Planning & Development - Technical_Kantoor	Draft a LED Strategy and Present to Council	Oliphant Trevin Ralph (Corporate Service Manager)	0	1			LED Strategy plan outdated/unchanged since 2012 for all regions			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	and visitors can work, live and play without threat to themselves or their properties		Development	Uitgawes/ Office Expenditure												
KPA 2: LOCAL ECONOMIC DEVELOPMENT	Contribution to the creation of communities where residents and	CS 010	To provide Town Planning and Township Development	0501/4479/0000_Planning & Development - Technical_Kantoor Uitgawe	Review Council's incentive policy	Shuping Radiile Jacob (Chief Financial Officer)	0	1 incentive policy reviewed					No comment captured	N/A	N/A	1 Review Council's incentive policy

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	visitors can work, live and play without threat to themselves or their properties		opment	s/ Office Expenditure												
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in	CS 011	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawe s/ Office Expenditure	Review Integrated development plan and submission to council by 31 March 2021	Oliphant Trevin Ralph (Corporate Service Manager)	0	1 Reviewed IDP			IDP developed and submitted to council		No comment captured	N/A	1 Reviewed Integrated development plan and submit	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	order to improve service delivery and harmony in the municipality														ssion to council by 31 March 2021 - 100.00%	
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service	CS 013	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Review the validity of existing Bylaws by 30 June.2021	Oliphant Trevin Ralph (Corporate Service Manager)	0	5 Bylaws Reviewed						N/A	N/A	5

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	delivery and harmony in the municipality															
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony	CS 012	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgaves/ Office Expenditure	Convene 3 x IDP Representative forum meetings per annum	Oliphant Trevin Ralph (Corporate Service Manager)	3	3			2 IDP Representative forum meetings were held			N/A	2	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	in the municipality															
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipa	CS 014	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawe s/ Office Expenditure	Report quarterly to Municipal Manager on the implementation of council resolutions	Oliphant Trevin Ralph (Corporate Service Manager)	0	5			No monitoring of the implementation on the council resolution				0	0

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	lity															
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve the communication and liaison with communities and stakeholders in order to improve service delivery and harmony in the municipa	CS 015	Public Participation	0001/4479/0000_Executive & Council - Council_Kantoor Uitgawes/ Office Expenditure	Publish and distribution of by-annual municipal Newsletter	Oliphant Trevin Ralph (Corporate Service Manager)	0	2 news letters published		Awaiting the appointment of a service provider			0	N/A	0	

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	lity															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure , staff establishment,	CS04	Budget Control & monitoring	Monitoring and Reporting	Compiling and implementation of the WSP by 30 April (report)	Oliphant Trevin Ralph (Corporate Service Manager)	0	1						N/A	N/A	1

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	PMS and recruitment and selection strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational	3.4.3	Monitoring and Reporting	BSCheck_1047_0431/4513/0000_Road Transport - Traffic_Speed Law Enforcement	Provide monthly report on law enforcement activities	Oliphant Trevin Ralph (Corporate Service Manager)	0	12 Reports	Monthly reports are obtained from the section concerned		Monthly reports obtained from concerned sections		Monthly reports are obtained from the section concerned		3	3

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	structure, staff establishment, PMS and recruitment and selection strategy of the municipality															
KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To improve and provide basic services of good quality to the residents	3.4	Planning & Development	Housing Facilitation	Register all applications received on the Department of Housing Data Base	Oliphant Trevin Ralph (Corporate Service Manager)	0	100% of applications received uploaded	No new applications have been received the last intake of	No new applications have been received the last intake of	All registered indigent is receiving free services		No new applications have been received the last intake of	100	100	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
T									registrations was in February 2021	registrations was in February 2021			registrations was in February 2021			
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of the organisational structure	3.4.2	Monitoring and Reporting	BSCheck_1114_0403/4479/0000_Community & Social Services - Library_Kantoor Uitgaves/ Office Expenditure	develop a Library Business Plan	Oliphant Trevin Ralph (Corporate Service Manager)	0	1 Business Plan Developed			Developed and submitted the Library Business plan			N/A	1	N/A

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	, staff establishment, PMS and recruitment and selection strategy of the municipality															
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	To ensure a municipality that is stable and has organisational discipline through the review of	3.4.4	Monitoring and Reporting	BSCheck_1047_0431/4513/0000_Road Transport - Traffic_Speed Law Enforcement	Provide a monthly reconciliation on all Agency Fees Received	Shuping Radiile Jacob (Chief Financial Officer)	0	12 Reconciliations done	Monthly calculations are being done on a rolling total basis	Reconciliation done	Reconciliation of Agency fees received		Monthly calculations are being done on a rolling total basis	3	3	3

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
	the organisational structure , staff establishment, PMS and recruitment and selection strategy of the municipality															
KPA 3: MUNICIPAL FINANCIAL MANAGEMENT &	The municipality to ensure accurate and professional	FM 01	Budget and Financial Reporting	C205/N764/F001_Executive & Council - Finance Administration	Prepare and Table the draft budget to council by the 31st March 2021	Shuping Radiile Jacob (Chief Financial Officer)	1	1 Draft Budget tabled					No comment captured			

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Base line as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
VIABILITY	reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.															
KPA 3: MUNICIPAL FINANCIAL	The municipality to ensure accurate	FM 01	Budget and Financial	C205/N764/F001_Executive & Council -	Maintain debtors payment rate at 45 days and	Shuping Radiile Jacob (Chief Financial Officer)	0	45 days					Debtors are paid within 4371			

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National KPA	Strategic Objective	IDP Reference Number	IDP Programme	Project/Activity (VOTE)	Key Performance Indicator (KPI)	Responsible Post	Baseline as at 30 June 2020	Annual Target	Q1 Measurable Comment	Q2 Measurable Comment	Q3 Measurable Comment	Q4 Measurable Comment	Qtr Ending 30 September 2020-Actual	Qtr Ending 31 December 2020-Actual	Qtr Ending 31 March 2021-Actual	Qtr Ending 30 June 2021-Actual
MANAGEMENT & VIABILITY	and professional reports as prescribed by the MFMA are submitted monthly (Section 71,72 and 46) and see to the implementation of MFMA.		Reporting	Finance Administration	report thereon								days			

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

INTRODUCTION

The organizational development function aims to develop and review organizational structure annually, in terms of section 66 of Municipal System Act 2000, coordinate the development of job descriptions/profiles, and conduct job evaluation.

The delivery of quality enhanced services in a sustainable manner to the community of Thembelihle Local Municipality is also influenced by the creation of an adequately balanced and skilled workforce that espouses the ideals of Batho Pele.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employee				
Description	Year -2021			
	Employee No.	Approved Posts No.	Vacancies No.	Vacancies %
Mayoral Office	3	6	3	50%
Municipal Managers Office	5	7	2	29%
Finance Department	12	20	8	40%
Corporate Services Department	23	40	17	43%
Technical Services Department	54	88	34	39%
Totals	97	161	64	

Employee and Approved posts are as at 30 June 2021, as per the approved Organogram.

T 4.1.1

Vacancy Rate: Year 2020/21			
Designation	* Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	-	-
CFO	1	0	-
Other S56 Managers (Excluding Finance)	2	0	-

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Other S56 Managers (Finance posts)	0	0	-
Police	-	-	-
Fire fighters	-	-	-
Senior management: Level 13-15 (Excluding Finance posts)	10	4	-
Senior management: Level 13-15 (Finance posts)	1	0	-
Highly skilled supervision: Level 09-12 (Excluding Finance posts)	16	7	-
Highly skilled supervision: Level 09-12 (Finance posts)	4	1	-
Total	35	12	

Note: * For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior' management') then dividing that total 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2

Turnover Rate			
Details	Total Appointment as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turnover Rate
Year 2019	-	-	
Year 2021	8	4	50%

* Divide the number of employees who 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:

There are a number of vacant posts within the municipality which are not possible to fill as yet due to the financial constraints faced by the municipality. As funds become available it is the intention that all post on the approved organogram will be filled

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The workforce at Thembelihle Local Municipality is governed according to approved Policies by Council as well as the Labour Relations Act; the Basic Conditions of Employment Act; the Employment Equity Act; the Municipal Finance Management Act; and the Main Collective Agreement. Management must ensure that they also manage the workforce within the framework of Acts of Parliament.

Many the HR policies need to be reviewed to ensure that they address the challenges experienced by the municipality from a Human Resources point of view.

T 4.2.0

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4.2 POLICIES

HR Policies & Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Property Rates Policy	100%	100%	26 May 21
2	Tariff Policy	100%	100%	26 May 21
3	Customer Care, Credit Control and Revenue Management Policy	100%	100%	26 May 21
4	Indigent Policy	100%	100%	26 May 21
5	SCM and Infrastructure Policy	100%	100%	26 May 21
6	Virement Policy	100%		26 May 21
7	General Ledger Charts of Accounts Policy	100%		26 May 21
8	Fixed Asset Management Policy	100%		26 May 21
9	Overtime Policy	100%		26 May 21
10	Recruitment and Selection Policy	100%		26 May 21
11	Cash Management and Investment Policy	100%		26 May 21
12	Borrowing Policy	100%		26 May 21
13	Funding and Reserves Policy	100%		26 May 21
14	Fleet Management Policy (New)	100%		26 May 21
15	Long Term Financial Planning Policy	100%		26 May 21
16	Telecommunication Device Policy	100%		26 May 21
17	Risk Management Policy	100%		26 May 21
18	Water Conservation and Water Demand Management Policy	100%		26 May 21
19	Budget Policy (New)	100%		26 May 21
20	Travel and Subsistence Policy	100%		26 May 21
21	Land and Asset Disposal Policy (New)	100%		26 May 21
22	Debt Impairment Policy (New)	100%		26 May 21
23	Tariff, Credit Control & Debt Collection By-Law	100%	100%	26 May 21
24	Property Rates By-Laws	100%	100%	26 May 21
25	Progress Report on implementation of the Revenue Enhancement Strategy	100%		26 May 21
Use name of local policies if different from above and at any other HR policies not listed				
T 4.2.1				

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4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of injuries					
Type of injury	Injury leave taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total estimate cost R'000
Required medical attention only					
Temporary total disablement		1			10547.22
Permanent disablement					
Fatal					
Total		1			10547.22

T 4.3.1

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 Costs R'000
Lower skilled (level 1-2)	<i>Information not available</i>					
Skilled (level 3-5)						
Highly skilled production (levels 6-8)						
Highly skilled supervision (levels 9-12)						
Senior management (levels 13-15)						
MM and S56						
Total						

* -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

COMMENT ON INJURY AND SICK LEAVE:

Injury on Duty (IOD's) are required to be reported and managed strictly in accordance with the Occupational Health and Safety Policy in which the procedure is clearly stated. In instances where injuries/sick leave extends for long periods or are in question, the organization reserves the right to have the injury/ aspect of sick leave examined by a doctor of choice.

T 4.3.3

Number and Period Suspension				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised

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None			
T 4.3.4			

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
Supervisor- Refuse	Malicious damage to property, intoxication on duty.		IN PROGRESS
General Worker	Failure to refrain from being absent without leave or permission		IN PROGRESS
Chief Traffic Officer	Act of bribery or corruption	Dismissed	FINALISED
Data Capture	Absent without leave, insubordination	Contract ended	FINALISED
T 4.3.5			

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:
No cases of suspensions and cases of financial misconduct were reported during 2020/2021

T 4.3.6

4.4 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 (level 1-2)	Female	<i>No Performance bonuses paid</i>			
	Male				
Skilled (level 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (levels 13-15)	Female				
	Male				
MM and S56	Female				
	Male				
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
<p>* Note: MSA 2000 S51(d) requires that...'performance plans, on which rewards are based should be aligned with the IDP'.... (IDP objectives and targets are set out in Chapter 3) and Service Delivery and Budget Implementation Plans (developed under MFMA S69 Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those</p>					

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with disability are shown in brackets '(x)' in the number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above)

T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

No performance rewards were paid during 2020/2021.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

In the 2020/21 financial year, 10 staff members were identified for a learnership program for a minimum competency qualification. Program is on a halt as the newly elected SALGA committee still need to approve the program.

T 4.5.0

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4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management Level	Gender	Employees in post as at 30 June 2021	Number of skilled employees required and actual as at 30 June Year 2021											
			Learnerships			Skills programme & other short courses			Other forms of training			Total		
			Actual End of 2020	Actual End of 2021	Year 2021 Target	Actual End of 2020	Actual End of 2021	Year 2021 Target	Actual End of 2020	Actual End of 2021	Year 2021 Target	Actual End of 2020	Actual End of 2021	Year 2021 Target
Lower skilled (level 1-2)	Female													
	Male													
Skilled (level 3-5)	Female													
	Male													
Highly skilled production (levels 6-8)	Female	3			3									
	Male	4			4									
Highly skilled supervision (levels 9-12)	Female													
	Male	1			1									
Senior management (levels 13-15)	Female													
	Male	1			1									
MM and S56	Female													
	Male	1			1									
Total		10			10									

* Registered with a professional Associate Body e.g CA(SA) T 4.5.1

Chapter 4

Financial Competency Development: Progress Report						
Description	A. Total Number of officials employed by the Municipality (Regulation 14(4) (a) and (c))	B. Total Number of officials employed by the 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 (c))	Consolidate: Total number of officials whose performance agreements comply with Regulations 16 (Regulation 14(4)(f))	Consolidated : Total number of officials that meet prescribed competency levels (Regulations 14 (4)(e))
Financial Officials						
Accounting Officer	1	0	1	1	1	
Chief Financial Officer	1	0	1	1	1	
Senior Managers	2	0	2	2	2	
Any other Financial Officials						
Supply Chain Management Officials						
Heads of supply chain management units						
Supply Chain Management Senior managers						
Total	4	0	4	4	4	0

*This is a statutory report under the National Treasury Local Government: MFMA Competency Regulations (June 2007) T 4.5.2

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

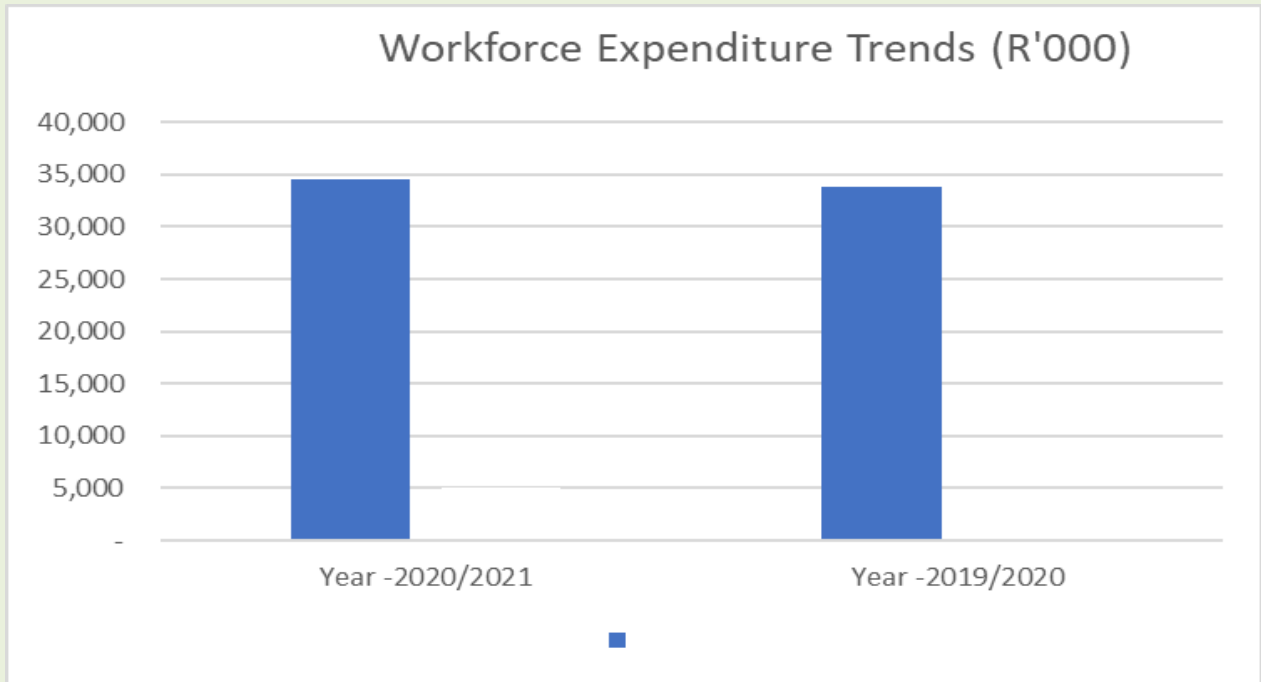
INTRODUCTION TO WORKFORCE EXPENDITURE

All resources from Thembelihle Municipality must be managed in an effective manner and its financial management.

T 4.6.0

Chapter 4

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

The 2020/2021 period was characterized by an increase in personnel expenditure when compared to 2019/202. Employee costs increase due to increase in leave and bonus provisions and due to employee benefit obligation.

T 4.6.1.1

Number of employees whose salary were increased due to their position being upgraded		
Beneficiaries	Gender	Total
Lower skilled (level 1-2)	Female	
	Male	
Skilled (level 3-5)	Female	
	Male	
Highly skilled production (levels 6-8)	Female	
	Male	
Highly skilled supervision (levels 9-12)	Female	1
	Male	1
Senior management (levels 13-15)	Female	
	Male	

Chapter 4

	Female	
MM and S56	Male	
Total		

Those with disability are shown with '(x)' in the Number of beneficiaries' column as well as in the numbers at the right-hand side of the column T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation

T 4.6.3

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

T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

- The two staff members whose posts were upgraded are now on higher salary scales.
- No employee's salary grade exceeded the grade determined by the job grade.
- No employees were appointed to posts that have not been approved.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

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

The purpose of the Statement of Financial Performance is to give an account of the results of the municipality's operations for the year ended 2020/2021.

The purpose of the Statement of Financial Position is to give an account of the assets and liabilities of the municipality at the end of the financial year. Net assets are shown which the difference between the assets and the liabilities. If the municipality has a net deficit, it is indicative that the municipality has more liabilities than assets, which could be interpreted as being insolvent.

The cash flow statement shows the net cash result, there are 3 categories which look at the cash movement of the municipality which are as follows:

- Net cash resulting from operating activities – this section shows the result of the operations of Council in cash terms. It includes the rendering of municipal services, purchasing of inventory kept in stores, debtors and creditors transactions and interest paid and received.
- Net cash resulting from investing activities – this section shows the result from amounts invested as well as investments withdrawn.
- Net cash resulting from financing activities – this section shows the result from financing activities, being mainly external loans taken up or redeemed

The municipality has had an increase in overspending from original budget to the adjusted budget in overall.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

Appropriation Statement

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
2021											
Financial Performance											
Property rates	6,768,321	(335,905)	6,432,416	-	-	6,432,416	4,761,377	-	(1,671,039)	74 %	70 %
Service charges	27,149,534	2,374,851	29,524,385	-	-	29,524,385	18,142,916	-	(11,381,469)	61 %	67 %
Investment revenue	2,618,079	1,358,417	3,976,496	-	-	3,976,496	4,896,749	-	920,253	123 %	187 %
Transfers recognised - operational	32,719,850	3,598,001	36,317,851	-	-	36,317,851	32,471,016	-	(3,846,835)	89 %	99 %
Other own revenue	8,124,792	2,053,658	10,178,450	-	-	10,178,450	1,778,482	-	(8,399,968)	17 %	22 %
Total revenue (excluding capital transfers and contributions)	77,380,576	9,049,022	86,429,598	-	-	86,429,598	62,050,540	-	(24,379,058)	72 %	80 %
Employee costs	(31,541,194)	(1,852,006)	(33,393,200)	-	-	(33,393,200)	(38,143,333)	-	(4,750,133)	114 %	121 %
Remuneration of councillors	(3,065,710)	(43,500)	(3,109,210)	-	-	(3,109,210)	(3,054,573)	-	54,637	98 %	100 %
Debt impairment	(530,263)	-	(530,263)	-	-	(530,263)	(21,557,844)	-	(21,027,581)	4,066 %	4,066 %
Depreciation and asset impairment	(8,668,934)	-	(8,668,934)	-	-	(8,668,934)	(14,683,625)	-	(6,014,691)	169 %	169 %
Finance charges	(1,117,397)	(784,674)	(1,902,071)	-	-	(1,902,071)	(3,487,142)	-	(1,585,071)	183 %	312 %
Materials and bulk purchases	(11,466,897)	(1,381,000)	(12,847,897)	-	-	(12,847,897)	(13,336,100)	-	(488,203)	104 %	116 %
Transfers and grants	(1,000,000)	(260,000)	(1,260,000)	-	-	(1,260,000)	-	-	1,260,000	- %	- %
Other expenditure	(13,498,988)	(2,847,391)	(16,346,379)	-	-	(16,346,379)	(17,115,528)	-	(769,149)	105 %	127 %
Total expenditure	(70,889,383)	(7,168,571)	(78,057,954)	-	-	(78,057,954)	(111,378,145)	-	(33,320,191)	143 %	157 %
Surplus/(Deficit)	6,491,193	1,880,451	8,371,644	-	-	8,371,644	(49,327,605)	-	(57,699,249)	(589)%	(760)%
Transfers recognised - capital	27,371,152	(7,500,000)	19,871,152	-	-	19,871,152	10,144,667	-	(9,726,485)	51 %	37 %
Surplus (Deficit) after capital transfers and contributions	33,862,345	(5,619,549)	28,242,796	-	-	28,242,796	(39,182,938)	-	(67,425,734)	(139)%	(116)%
Surplus/(Deficit) for the year	33,862,345	(5,619,549)	28,242,796	-	-	28,242,796	(39,182,938)	-	(67,425,734)	(139)%	(116)%

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

Comment on variances above 10%.

T5.1.3

5.2 GRANTS

Grant Performance						
	R'000					
Description	Year 2020	Year 2020/2021			Year 2021 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Operating Transfers and Grants						
National Government:						
Equitable Share	25,394,539	27,102,000	27,102,000	27,102,000	0%	0%
Finance Management Grant (FMG)		3,000,000	3,000,000	3,000,000	0%	0%
Municipal Infrastructure Grant (MIG)	9,449,000	13,860,000	13,860,000	13,860,000	0%	0%
Integrated National Electrification Programme Grant (Municipal)	5,280,000	-	-	-	-	-
Water Sanitation Infrastructure Grant	1,772,623	-	-	-	-	-
Provincial Treasury Grant	1,664,455	1,910,409	1,910,409	1,910,409	0%	0%
Disaster Relief Grant (COVID-19)	60,000	3,592,000	3,592,000	3,592,000	0%	0%
Library Grant	1,327,252	600,000	600,000	600,000	0%	0%
Expanded Public Works Programme (EPWP)	1,000,000	1,000,000	1,000,000	1,000,000	0%	0%
Total operating Transfer and Grants						
<p><i>Variances are calculated by dividing the difference between actual and original/ adjustments budget by the actual. Full list of provincial and national grants available from the published gazettes.</i></p> <p>T 5.2.1</p>						

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Essentially not all the unconditional grants were spent as per their allocation for the 2020/2021-year end. This impacted the equitable share to be received the following year.

T 5.2.2

Chapter 5

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"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

No grants were received from other sources.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Council approved a new updated Asset Management policy on 26 May 2021. Asset Management is a vital tool of the municipality in order for it to render services effectively, economically and efficiently. It would not be possible to give services without assets

T 5.3.1

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

COMMENT ON ASSET MANAGEMENT:

Financial data regarding asset management may be sourced from **MBRR Table A9**

T 5.3.3

Repairs and Maintenance Expenditure: Year 2021				
				R'000
	Original budget	Adjustment budget	Actual	Budget Variance
Repairs and Maintenance Expenditure	753,284	753,284	696,163	8%
				T 5.3.4

Chapter 5

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Note that the repairs and maintenance expenditure in T5.3.4 must reconcile with the operational repairs and maintenance expenditure for all services set out in Chapter 3.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

A. Asset Management/Utilisation

1	Capital Expenditure to Total Expenditure	2%
2	Impairment of Property, Plant and Equipment, Investment Property, and Intangible assets (Carrying Value)	0%
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	0%

B. Debtors Management

1	Collection Rate	-69%
2	Bad Debts Written-off as % of Provision for Bad Debt	28%
3	Net Debtors Days	46 days

C. Liquidity Management

1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	0 Month
2	Current Ratio	0.05

D. Liability Management

1	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	3%
2	Debt (Total Borrowings) / Revenue	539%

E. Sustainability

1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	-1%
---	--	-----

Chapter 5

F. Efficiency

1	Net Operating Surplus Margin	-234%
2	Net Surplus /Deficit Electricity	-21%
3	Net Surplus /Deficit Water	83%
4	Net Surplus /Deficit Refuse	40%
5	Net Surplus /Deficit Sanitation and Waste Water	44%

G. Distribution Losses

1	Electricity Distribution Losses (Percentage)	49%
2	Water Distribution Losses (Percentage)	73%

H. Revenue Management

1	Growth in Number of Active Consumer Accounts	-22%
2	Revenue Growth (%)	13%
3	Revenue Growth (%) - Excluding capital grants	11%

I. Expenditure Management

1	Creditors Payment Period (Trade Creditors)	2,127 days
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	15%
3	Remuneration as % of Total Operating Expenditure	37%
4	Contracted Services % of Total Operating Expenditure	0%

COMMENT ON FINANCIAL RATIOS:

These ratios are compiled internally with the NT formula.

T 5.4.2

Chapter 5

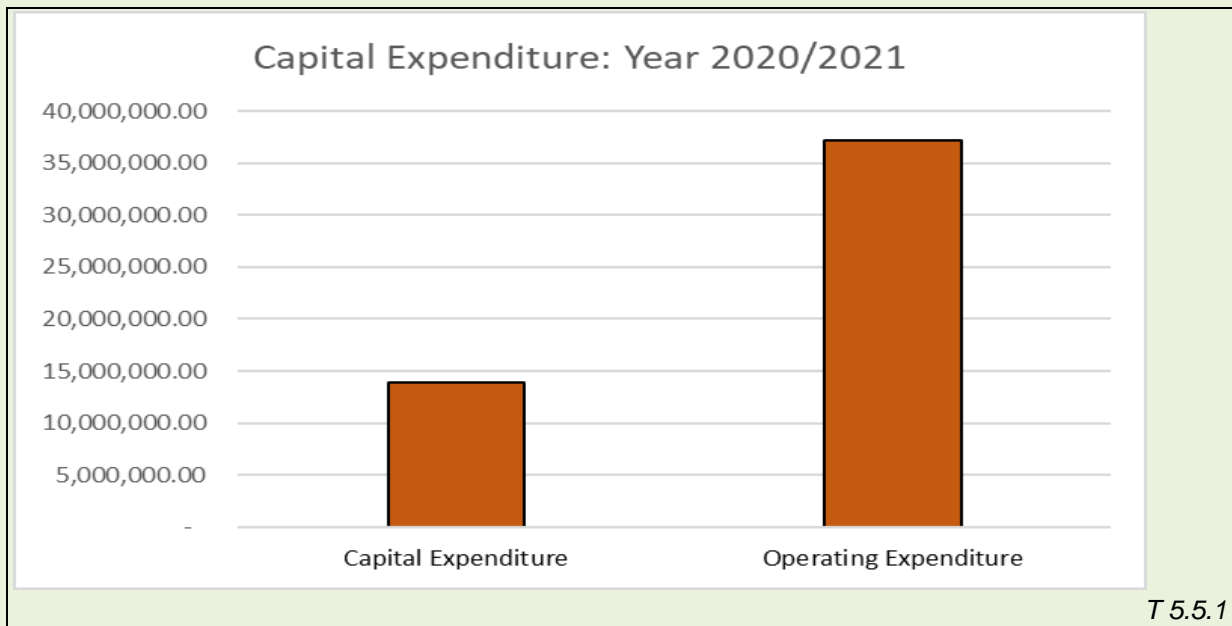
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The total original capital budgeted amounted to R 13,86 million, the funding of which is from National Government. Funding of capital expenditure is from national government in the form of grants. Additional funding was received during the year.

T 5.5.0

5.6 CAPITAL EXPENDITURE



5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The municipality is aware of backlogs in the delivery of services. The backlogs arose due to the severe financial constraints that the municipality is under and was thus unable to deliver services to the affected areas.

Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMMENT ON BACKLOGS:

There are a number of ways that backlogs can be addressed. One of those ways is updating the municipality's indigent register which can then serve as the basis for additional funding to enable the provision of electricity.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Strict cash measures have been introduced to control the flow of money & what it is being used for at the municipality. This is evident in the cash and cash equivalents held at the end of the financial year

Prior year payments to suppliers affected the cash flow of the municipality

T 5.9

Chapter 5

5.9 CASH FLOW

Thembelihle Local Municipality			
(Registration number NC076)			
Financial Statements for the year ended 30 June 2021			
Cash Flow Statement			
Figures in Rand	Note(s)	2021	2020 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services		14 859 215	23 798 318
Grants		50 086 409	42 084 081
Interest income		27 000	302 196
		64 952 624	66 184 575
Payments			
Employee costs		(36 398 197)	(33 211 591)
Suppliers		(12 155 820)	(23 178 085)
		(48 554 017)	(56 389 676)
Net cash flows from operating activities	44	16 398 607	9 794 899
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(12 142 441)	(13 528 170)
Proceeds from sale of property, plant and equipment	11	13 889	145 928
Purchase of investment property	10	(13 278)	-
Purchase of other intangible assets	12	(25 324)	-
		(12 167 174)	(13 380 242)
Cash flows from financing activities			
Repayment of other financial liabilities		(210 236)	(716 597)
Finance payments		(1 503 730)	(1 037 773)
		(1 713 966)	(1 754 370)
Net increase/(decrease) in cash and cash equivalents		2 517 467	(5 339 713)
Cash and cash equivalents at the beginning of the year		(2 749 083)	2 590 630
Cash and cash equivalents at the end of the year	9	(231 616)	(2 749 083)

COMMENT ON CASH FLOW OUTCOMES:

The net cash movement in Investing activities decreased to R12.16 million from previous financial year's R13.38 million.

The Financing activities stayed relatively the same compared to previous year which were R1.71 million and R1.75 million this current year

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Information may be sourced from **table SA3 AND SA15 in the MBRR.**

Borrowings decreased this year as loans were being paid off by the municipality.

T 5.10.1

Chapter 5

Actual Borrowings: Year 2019/2020 to Year 2020/2021		
	R'000	
Instrument * type	Year 2019/2020	Year 2020/2021
<u>Municipality</u>	-	-
Long term loans (annuity /reducing balance)	-	-
Long term loans (non-annuity)	-	-
Finance lease	1 675 436	1 064 057
Other securities	-	-
Municipality sub-total		
Municipal Entities	-	-
Long term loans (annuity /reducing balance)	-	-
Long term loans (non-annuity)	-	-
Finance lease	-	-
Other securities	-	-
Consolidate Total	1 675 436	1 064 057

T 5.10.2

Municipal Investments: Year 2019/2020 to Year 2020/2021		
	R'000	
Instrument * type	Year 2019/2020 Actual	Year 2020/2021 Actual
<u>Municipality</u>		
Securities- National Government		
Listed Corporate Bonds		
Deposits- Bank	302 196	27 000
Deposits- Corporation for Public Deposits		
Deposits- Public Investment Commissioners		
Municipal Bonds		
Municipal Entities		
Others		
Consolidate Total	302 196	27 000

T 5.10.3

COMMENT ON BORROWING AND INVESTMENTS:

The municipality has done well in decreasing the loans as ideally it should fund itself from the collection of services provided. The Municipality has an investment at Standard Bank which gathers good interest. The municipality does not grant loans in cash or otherwise to organizations as aforementioned in the financial performance it is in severe financial stress at the moment.

T 5.10.5

Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The Municipality does not have any Public Private Partnerships currently for the 2020/2021 financial year.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Municipality has a fully functional Supply Chain Management (SCM) Unit. All SCM committees have been established and meet regularly. Minor audit issues were raised during the financial year and will be addressed in the Audit Action Plan.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice, and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

The Annual Financial Statements are set out in Volume II of the annual report. These statements have been audited by the Auditor General and a Qualified Audit Opinion was achieved. The AG report is also included in this Annual Report

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR - 2020 (PREVIOUS YEAR)

Auditor General Report on Financial Performance Year 2021	
Status of Audit Report	
Non - Compliance Issue	Remedial Action
Unauthorised Expenditure	Implementation on Audit actions plan
Irregular Expenditure	
Payables from exchange transactions	
Cash flow statement	
Revenue from exchange transactions	
Provisions	
Prior period errors	
Commitments	
Statutory Receivables from non-exchange transactions	
VAT Statutory receivables	
Cash and cash equivalent	
Distribution losses	
Note*: The report's status is supplied by the Auditor General and ranges from the Unqualified (best) to unqualified with other	

T 6.1.1

Chapter 6

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
Performance Information	The audit action plan was in the process of being developed at the time of drafting this annual report.
	T 6.1.2

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 2021

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
Performance Information	The audit action plan was in the process of being developed at the time of drafting this annual report.
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	
	T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 2020/21

Attach report

Chapter 6

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Thembelihle local municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Thembelihle local municipality set out on pages X to X, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Thembelihle local municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (Dora).

Basis for qualified opinion

Unauthorised Expenditure

3. The municipality did not correctly disclose unauthorised expenditure incurred as required by section 125 (2)(d)(i) of the MFMA, due to a lack of sufficient appropriate systems. I was unable to determine the full extent of the misstatement for the current year as it was impractical to do so.

Irregular Expenditure

4. I was unable to obtain sufficient appropriate audit evidence to confirm irregular expenditure disclosed as the municipality did not provide the full listing of individual items that support the balance. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to irregular expenditure stated at R156 223 967 (2020: R152 201 005) in note 55 to the financial statements. In addition, the municipality did not include irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments made in contravention of the supply chain management requirements. I was unable to determine the full extent of the understatement of irregular expenditure for the current year and previous year as it was impracticable to do so.

Chapter 6

Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for trade payables, retention fees, payments received in advanced and other payables as the municipality did not maintain adequate records. I was unable to confirm these balances by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade payables stated at R126 979 731 (2020: R108 839 528), retention fees stated at R1 368 046 (2020: R1 368 046), payments received in advanced stated at R3 056 497 and other payables stated at R3 415 888 respectively in note 16 to the financial statements.

Revenue from exchange transactions

6. The municipality did not recognise service charges in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality did not charge all customers services charges for all months. I was unable to determine the full extent of the understatement of service charges and receivables from exchange transactions for the current and previous year, as it was impracticable to do so.
7. I was unable to obtain sufficient appropriate audit evidence for commission received and service charges included in revenue from exchange transactions, as the municipality did not maintain adequate records. I was unable to confirm the commission received and service charges by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to commission received stated at R1 477 695 (2020: R1 060 523) in note 27 and service charges stated at R19 456 550 in note 23 to the financial statements.

Expenditure

8. I was unable to obtain sufficient appropriate audit evidence for finance cost, professional and consulting fees and general expenditure, as the municipality did not maintain adequate records. I was unable to confirm expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to finance cost stated at R3 491 807 in note 38 to the financial statements, professional fee stated at R7 594 985, and general expenditure stated at R8 344 529 in note 42 to the financial statements respectively.
9. I was unable to obtain sufficient appropriate audit evidence for employee related cost, as the municipality did not maintain adequate records. I was unable to confirm employee related cost by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to employee related cost stated at R34 277 963 in note 34 to the financial statements. In addition, the municipality did not recognise employee related cost in terms of GRAP 25, *Employee benefits* as differences were noted between the number of employees included in the estimation for Long service awards and Employee benefit obligation. Consequently employee related cost was overstated by R870 622, Long service awards was overstated by R369 622 and Employee benefit obligation by R501 000. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Chapter 6

Segment information

10. The municipality did not disclose the financial performance of the various reporting segments in accordance with GRAP 18, Segment Reporting. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Provisions

11. I was unable to obtain sufficient appropriate audit evidence for the provision on environmental rehabilitation as the municipality did not provide the input data used to determine the assumptions made for the current and previous year. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to provisions stated at R12 047 255 (2020: R11 664 614) in note 20 to the financial statements.

Statutory Receivables from non-exchange transactions

12. I was unable to obtain sufficient appropriate audit evidence that fines included in statutory receivables from non-exchange transactions had been properly accounted for, as the municipality did not provide support for fines written off, due to the status of the accounting records. I was unable to confirm fines by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to fines stated R211 933 (2020: R1 675 760) in note 6 to the financial statements. Since the receivables from non-exchange transactions is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities in the financial statements.

VAT statutory receivable

13. I was unable to obtain sufficient appropriate audit evidence for vat statutory receivables, as the municipality did not maintain adequate records. I was unable to confirm the vat statutory receivables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to vat statutory receivables stated at R4 631 699 (2020: R3 182 341) in note 7 to the financial statements. Since the VAT receivable balance is included in the determination of net cash flows from operating activities reported in the cash flow statement, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities

Cash and cash equivalents

14. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions to the financial statements. I could not confirm cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cash and cash equivalents stated at (R231 611) (2020: -R2 749 084) in note 9 to the financial statements

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Distribution losses

15. The municipality did not recognise water and electricity losses in accordance with section 125(2)(d) of the MFMA, due to the municipality not maintaining adequate records of the number of water and electricity units distributed, I was unable to determine the full extent of the misstatement of water and electricity losses for the current and previous year as it was impracticable to do so.

Budget statement

16. The municipality did not disclose the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of the budget information* as the budgeted amounts included in the disclosure did not agree to the approved budget of the municipality.

Context for the opinion

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

Material uncertainty relating to going concern

20. I draw attention to the matter below. My opinion is not modified in respect of this matter.
21. I draw attention to note 63 to the financial statements, which indicates that the municipality incurred an operating deficit of R26 097 791 during the year ended 30 June 2021 and as of that date the municipality's total assets exceeded its total liabilities by R111 185 457. As stated in note 63, these events or conditions, along with other matters as set forth in note 63 indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

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Material impairment - Receivables

23. As disclosed in note 5 of the financial statements, material impairments of R77 914 611 (2020:R59 538 677) were incurred as a result of allowance for impairment in current and non-current consumer debtors.

Other matter

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

Unaudited disclosure notes

25. 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

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and DORA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
27. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

28. 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.
29. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Chapter 6

Report on the audit of the annual performance report

Introduction and scope

30. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
31. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2020:

Objectives	Pages in the annual performance report
KPA 1: Basic Service Delivery	x – x

32. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
33. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

KPA 1: Basic Service Delivery

34. I was unable to audit the usefulness and reliability of the selected objectives listed below as the annual performance report was presented without accurate and complete underlying performance records. This placed limitation on the scope of my work as we were unable to obtain sufficient and appropriate audit evidence and to audit the reported performance information by alternative means.

Other matter

35. I draw attention to the matter below.

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Achievement of planned targets

36. Refer to the annual performance report on pages X to X for information on the achievement of planned targets for the year of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs [x to x] of this report.

Report on the audit of compliance with legislation

Introduction and scope

37. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
38. The material findings on compliance with specific matters in key legislation are as follows:

Annual Financial statements

39. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.
40. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Expenditure management

41. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors, accounted for payments made, as required by section 65(2)(b) of the MFMA.
42. 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 requirements.
43. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the

Chapter 6

unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending in a vote.

Revenue management

44. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Strategic planning and performance management

45. A performance management system was not established, as required by section 38(a) of the MSA.

Procurement and contract management

46. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
47. Some of the written quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17(1)(b).
48. Bid specifications for tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM Regulation 27(2)(a).
49. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).
50. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations..
51. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM Regulation 29(5)(b).
52. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).
53. The performance of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
54. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

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Utilisation of conditional grants

55. 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 4 of 2020)

Consequence management

56. 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.
57. Irregular and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

58. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
59. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
60. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
61. 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.

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Internal control deficiencies

62. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance information and the findings on compliance with legislation included in this report.
63. Management and Leadership did not adequately exercise their responsibilities over financial and performance reporting, compliance monitoring and related internal controls, which led to matters being repeatedly raised from the prior year to the current year
64. There was no proper system in place to collate all the required support to enable the municipality to compile an adequately supported annual performance report.
65. Management did not timeously monitor adherence to the audit action plan resulting in the re-occurrence of some of the compliance, financial and annual report issues

AUDITOR GENERAL

Kimberley

28 February 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:
Audit Action Plan to be compiled and implemented.

T 6.2.4

Chapter 6

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

GLOSSARY

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

GLOSSARY

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

GLOSSARY

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

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE					
Councillor Members	Full Time/ Part Time FT/ PT	Committee Allocated	Ward and / or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr B Mpamba (Mayor & Speaker)	FT	- Finance Committee (Chairperson) - Development & Technical Services Committee	ANC- Ward 4	89%	100%
Cllr S Swartling	FT	- MPAC (Chairperson) - Corporate Service Committee	ANC- Ward 1	100	N/A
Cllr J Tallies	FT	- Development & Technical Services Committee (Chairperson) - Finance Committee	ANC- Ward 2	100	N/A
Cllr P Naude (Deceased)	FT		EFF- PR		
Cllr B Tshangela (Deceased)	FT		ANC- Ward 3		
Cllr R Jansen	FT	- MPAC	DA- PR	78%	0%
Cllr H Brits	FT	- Finance Committee	DA-PR	100%	N/A
Cllr C Guest	FT	- Development & Technical Services Committee - Corporate Service Committee	EFF- PR	57%	33%
Cllr VS Dolopi	FT	- Corporate Service Committee (Chairperson) - MPAC	ANC- Ward 3	100	N/A

The above percentages are based on the attendance of scheduled ordinary Council meetings, as well as non-scheduled special Council meeting. The combined total amount of meetings is 9.

Councillors attended meetings fairly well throughout the year. Those, who could not attend certain meetings, submitted apologies for non-attendance.

Councillor Benjamin Tshangela passed away in October 2020 and was replaced by Councillor S Dolopi to handle the Corporate Service Committee as Chairperson and MPAC Portfolio.

Councillor Petro Naude passed away in October 2020 and was replaced by Councillor C Guest to handle the Development & Technical Services Committee & Corporate Service Committee Portfolio.

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committees
Council	*Council- Represented by all the Cllrs in the Municipality. It is chaired by the Mayor
Finance Committee	* Assist Council with the Development and Review of the Budget.
	* Consider all financial matters and advice Council accordingly.
	* Make financial input to all items that before council.
Corporate Service Committee	* Deal with Administration and Human Resources matters of the municipality
	* Deal with matters relating to the Local Labour Forum and all its subcommittees
	* Deal with Human Settlement issues.
	* Develop the IDP, SDBIP and PMS for the municipality.
	* The committee also leads the Local Economic Development initiatives of the municipality including the Spatial Planning & Land Use and Management thereof.
	* Make relevant Corporate Service input to all items that are to serve before council.
Development & Technical Services Committee	* Assist Council with the implementation of identified projects
	* Develop reports for the consumption of council with respect to the progress of projects.
	* Consider all matters technical and develop relevant reports
	* Make Technical input to all items that go before council
Municipal Public Accounts Committee (MPAC)	* Municipal public accounts overseeing expenditure
Audit Committee	* To advise the municipal council, the accounting officer and the management staff of the municipality and review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the municipality and perform other duties as may be prescribed.
LLF	* To create and maintain a healthy relationship between employer and labour
Bid Adjudication Committee	* Bid Adjudication Committee is last in the procedure for dealing with bids of the MLM, and is responsible for the final decisions regarding the adjudication of the bid. Proposal regarding the applicable and qualifying bids for each tender gets submitted from the Bid Evaluation Committee to the Bid Adjudication Committee, where the adjudication is finalized. The chairperson of the Bid Adjudication is the CFO, who is not allowed or involved in the Bid Evaluation Committee at any stage.

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Officer of the Mayor	Manager (Office of the Mayor) - Ms MS Marosane
Office of the Municipal Manager	Internal Auditor (Compliance Officer) - Vacant
Financial Services	Manager (Financial Services) - Ms N Jaxa
Corporate Services	Unit Manager (Strydenburg) - Mr VJ Mpamba
	Manager (Human Resource)- Vacant
	Manager (Local Economic Developments & Tourism & Community Services) - Vacant
	Chief Traffic Officer - Vacant
Infrastructure Service	Superintendent (Water & Sanitation) - N Mgununde
	Superintendent (Electro- Technical Services) - J Breyl
	Manager (PMU) - CJ Scheepers
	Superintendent (Parks, Recreation, Sports and Cemeteries & Refuse & Landfill Management) - Vacant
	Superintendent (Strydenburg Technical Services) - Mr F Human

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APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
Municipal Function	Functions Applicable to Municipality (Yes/ No)	Functions of Entity (Yes /No)
Constitution Schedule 4 & 5, Part B functions		
Air pollution	No	N/A
Building regulations	No	N/A
Childcare facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	No	N/A
Local tourism	No	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	N/A
Pontoons, ferries, jetties, piers, and harbours, excluding the regulation of international and national shipping and matters related thereto Stormwater	No	N/A
Stormwater management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours, and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	No	N/A
Control of undertakings that sell liquor to the public	No	N/A
Facilities for the accommodation, care, and burial of animals	No	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	No	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	Yes	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	No	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A
<i>* If municipality: indicated (Yes or No); If entity: Provide name of entity</i>		T D

APPENDICES

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee Established (Yes/No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speaker's office on time	Number of quarterly public ward meetings held during the year
1- Strydenburg	CLlr Silvia Swartling	Yes	7	2	2
1- Strydenburg	Jaymian Mkhosana	Yes	7	2	2
2- 7 De Laan & Hillside	CLlr Jacobus Tallies- (Chairperson)	Yes	7	2	2
2- 7 De Laan & Hillside	Thandiswa Diena	Yes	7	2	2
3- Vukasizwe & Community Hall	CLlr Victor Siphiso Dolopi (Chairperson)	Yes	7	2	2
3- Vukasizwe & Community Hall	Ruweida Benjamin	Yes	7	2	2
4- Thamboville & Gou Trou	CLlr Brenda Mpamba (Chairperson)	Yes	7	2	2
4- Thamboville & Gou Trou	Dewalt Oliphant	Yes	7	2	2
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APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward 1,2,3,4				
Capital Projects: Year 2021				
				R'000
No	Project Name and Detail	Start date	End date	Total Value
1	Fencing	26 Jun 21	TBA	R410,000.00
2	Refurbishment of WWTW	22 Jun 20	31 Oct 21	R8,480,831.00
3	Upgrading of Sports facility	15 Feb 21	01 Nov 21	R10,925,000.00
4	Dought Relief Boreholes	14 Apr 20	30 Nov 21	R8,264,000.00
5	Outfall Sewer Phase 2 (MIG1367)			R6,646,863.82
6	Electrification of Goutrou & Hillside			R 18,000,000.00
7	Upgrading of roads and Stormwater in Dettlesville: Phase 2			R 11,615,292.06
				T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					X
Households without minimum service delivery					
Total Households*					
Houses completed in year	X				
Shortfall in Housing units	X				
<i>*Including informal settlements</i>					T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
		T F.3

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)
 Names: xxx (8); xxx (7)...

T F.3

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendation		
Date of Committee	Committee Recommendation during Year 2021	Recommendations adopted (enter Yes) If not adopted (provide explanation)
29 Sep 20	The Internal Audit Charter was presented for notification. The APC charter to be recommended to council for approval	
20 Oct 20	It is the mandate of the committee to recommend that these Annual Financial Statements be accepted and is approved for submission to the Auditor-General on or before the 31 October 2020. However as this is still work in progress, the AFS is recommended with the proviso that all adjustments have been made. Noted that performance information was not submitted for review. In future performance information to be attended to with the same effort as the AFS. This will be monitored/reviewed at future APC meetings.	
03 Mar 21	PMS to remain a standing item on APC Agenda and management to report quarterly. Mr. T Oliphant to provide quarterly PMS reports at the next APC meeting.	
14 Jun 21	No formal comments have been received from management. Management will respond to the Internal Audit Quarter 3 2020/2021 report by the end of the week. Report must be presented in the next APC meeting.	

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long term contracts (20 Largest Contracts Entered into during the year					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start date of Contract	Expiry date of Contract	Project Manager	Contract Value
TCB Engineering	Electrification of Goutrou and Hillside		WIP		23,698,947.37
Tlotlo Thlago	Upgrading of WWTW		WIP		6,889,746.47
KET CIVILS	Steynville outfall sewer line		WIP		6,509,430.68
STRAC	MIG1326 Upgrading of Roads and Stormwater in Steynville Ph2		Completed		4,833,016.32
Bokao	MIG1326 Upgrading of Roads and Stormwater in Steynville Ph2		Completed		4,632,593.31
C-PAC PUMPS	Steynville outfall sewer line		WIP		3,977,423.67
ROCLA	Flush toilets in Hopetown and Strydenburg		Completed		3,749,429.83
FEMAT AFRICA CONSULT	654KL Elevated Tank		Completed		3,309,164.92
ALL DIMENSIONS	Steynville outfall sewer line		WIP		2,741,417.18
DIGES GROUP	467KL Elevated Tank		Completed		2,637,001.66
ABECO TANKS(PTY) LTD	654KL Elevated Tank		Completed		2,160,505.00
ABECO TANKS	467KL Elevated Tank		Completed		1,836,711.00
Bigen Africa	Upgrading of WWTW		WIP		1,709,509.50
Pre-crete	MIG1326 Upgrading of Roads and Stormwater in Steynville Ph2		Completed		1,549,622.40
BVI CONSULTING ENGINEERS	Steynville outfall sewer line		WIP		1,449,478.87
Praxos	MIG1326 Upgrading of Roads and Stormwater in Steynville Ph2		Completed		813,449.97
MVD Kalahari	Electrification of Goutrou and Hillside		WIP		800,000.00
FCS SUPPLIES	Steynville outfall sewer line		WIP		377,685.59
SUNFOX 36	MIG1326 Upgrading of Roads and Stormwater in Steynville Ph2		Completed		369,012.00
GORMAN-RUPP AFRICA	Steynville outfall sewer line		WIP		234,880.60
MVD Kalahari	Flush toilets in Hopetown and Strydenburg		Completed		228,002.63
Tlotlo	MIG1326 Upgrading of Roads and Stormwater in Steynville Ph2		Completed		216,085.00
	<i>None</i>				
					T H

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators (b) Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>Note: This statement should include no more than the top four priority indicators. *Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.</i>									

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests (Disclosed in AFS)		
Period 1 July 2020 to 31 June 2021		
Position	Name	Description of financial interest (Nil /or details)
Executive Mayor	B Mpamba	Thembelihle Bricks (Deregistration process)
Member of MayCo/ Exco	Not available	
Councillor	HL Britz	Oranjerivier Sekuriteit (deregistration process) and Hartland Slaghuis Hopetown
	J Tallies	Jumba Business Solutions (deregistration process)
	V Dolopi	De Vic Trading (deregistration process) and Abaphumeleli Trading 1073 (deregistred)
Municipal Manager	M Jack	Nil
Chief Financial Officer	R Shuping	Nil
S57 Employees	T Oliphant	Groman Productions, Dlovu Logistics and Pro Productions
	S Marufu	Stepcon Materials Lab and Surveying Services
Non S57 Employees	N Jaxa	Refer to Disclosure of financial interest
	E Mouton	Refer to Disclosure of financial interest
	E Struis	Refer to Disclosure of financial interest

**Financial interests to be disclosed even if they occurred for only part of the year.MBRA SA34A*

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote (R' 000) - 2020/21						
Vote Description	2019/20	2020/21 Current year			2020/21 Variance %	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Directorate of Mayor and Council		23,293,435	26,891,435			
Vote 2 - Directorate of the Municipal Manager		-	-			

APPENDICES

Vote 3 - Office of Financial Management		11,909,835	13,710,253			
Vote 4 - Office of Corporate Services		26,845,221	13,174,710			
Vote 5 - Office Technical Services		21,610,277	21,610,277			
Vote 6 - Community & Social Services		-				
Vote 7 - Planning & Development						
Total Revenue by Vote		83,658,768	75,386,675			

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source - R '000 (2020/21)								
Description	2019/2020	2020/21		2020/21 Variance Amount			2020/21 Variance %	
	Actual	Original Budget	Adjustments Budget	Actual	Variance- Original budget	Variance- Adjustment budget	Original Budget	Adjustments Budget
Property rates		6,768,321	6,432,416	4,761,377	- 2,006,944	1,671,039	-30%	-26%
Service charges		27,149,534	29,524,385	18,142,916	- 9,006,618	11,381,469	-33%	-39%
Investment revenue		2,618,079	3,976,496	4,896,749	2,278,670	920,253	87%	23%
Transfers recognised - operational		32,719,850	36,317,851	32,471,016	- 248,834	3,846,835	-1%	-11%
Other own revenue		8,124,792	10,178,450	1,778,482	- 6,346,310	8,399,968	-78%	-83%
Total Revenue		77,380,576	86,429,598	62,050,540	- 15,330,036	- 24,379,058	-20%	-28%
*Variances are calculated by dividing the difference between the actual and the original/adjustment budget by the actual.								
TK 1								

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
Total						
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

None

TL.1

APPENDICES

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

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

R'000							
Description	2019/2020	2020/2021			Planned Capital Expenditure		
	Actual	Original Budget	Adjusted Budget	Actual	2021/2022	2022/2023	2023/2024
Capital expenditure on new assets by Asset Class/Sub-class							
Infrastructure	5,280,000	22,371,151	22,371,151	5,407,030	19,339,451	16,627,302	
Roads Infrastructure		19,871,150	19,871,150	133,350	9,339,450	9,627,300	
<i>Roads</i>		19,871,150	19,871,150	133,350	9,339,450	9,627,300	
<i>Road Structures</i>		-	-	-	-	-	
<i>Road Furniture</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
Storm water Infrastructure		-	-	-	-	-	
<i>Drainage Collection</i>		-	-	-	-	-	
<i>Storm water Conveyance</i>		-	-	-	-	-	
<i>Attenuation</i>		-	-	-	-	-	
Electrical Infrastructure	5,280,000	2,500,000	2,500,000		10,000,000	7,000,000	
<i>Power Plants</i>		-	-	-	-	-	
<i>HV Substations</i>		-	-	-	-	-	
<i>HV Switching Station</i>		-	-	-	-	-	
<i>HV Transmission Conductors</i>		-	-	-	-	-	
<i>MV Substations</i>		-	-	-	-	-	
<i>MV Switching Stations</i>		-	-	-	-	-	
<i>MV Networks</i>		-	-	-	-	-	
<i>LV Networks</i>	5,280,000	2,500,000	2,500,000	-	10,000,000	7,000,000	
<i>Capital Spares</i>		-	-	-	-	-	
Water Supply Infrastructure		-	-	5,273,680	-	1	
<i>Dams and Weirs</i>		-	-	-	-	1	

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<i>Boreholes</i>		-	-	-	-	-	
<i>Reservoirs</i>		-	-	-	-	-	
<i>Pump Stations</i>		-	-	-	-	-	
<i>Water Treatment Works</i>		-	-	5,273,680	-	-	
<i>Bulk Mains</i>		-	-	-	-	-	
<i>Distribution</i>		-	-	-	-	-	
<i>Distribution Points</i>		-	-	-	-	-	
<i>PRV Stations</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
Sanitation Infrastructure	7,952,772	-	-	-	-	-	
<i>Pump Station</i>		-	-	-	-	-	
<i>Reticulation</i>		-	-	-	-	-	
Waste Water Treatment Works	381,623	-	-	-	-	-	
<i>Outfall Sewers</i>	7,571,149	-	-	-	-	-	
<i>Toilet Facilities</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
Solid Waste Infrastructure		1	1	-	1	1	
<i>Landfill Sites</i>		1	1	-	1	1	
<i>Waste Transfer Stations</i>		-	-	-	-	-	
Waste Processing Facilities		-	-	-	-	-	
<i>Waste Drop-off Points</i>		-	-	-	-	-	
Waste Separation Facilities		-	-	-	-	-	
Electricity Generation Facilities		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
Rail Infrastructure		-	-	-	-	-	
<i>Rail Lines</i>		-	-	-	-	-	
<i>Rail Structures</i>		-	-	-	-	-	
<i>Rail Furniture</i>		-	-	-	-	-	
<i>Drainage Collection</i>		-	-	-	-	-	
Storm water Conveyance		-	-	-	-	-	
<i>Attenuation</i>		-	-	-	-	-	

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<i>MV Substations</i>		-	-	-	-	-	
<i>LV Networks</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	
<i>Sand Pumps</i>		-	-	-	-	-	
<i>Piers</i>		-	-	-	-	-	
<i>Revetments</i>		-	-	-	-	-	
<i>Promenades</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	
<i>Data Centres</i>		-	-	-	-	-	
<i>Core Layers</i>		-	-	-	-	-	
<i>Distribution Layers</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
				-			
Community Assets		-	-	6,983,430	-	-	
Community Facilities		-	-	-	-	-	
<i>Halls</i>		-	-	-	-	-	
<i>Centres</i>		-	-	-	-	-	
<i>Crèches</i>		-	-	-	-	-	
<i>Clinics/Care Centres</i>		-	-	-	-	-	
<i>Fire/Ambulance Stations</i>		-	-	-	-	-	
<i>Testing Stations</i>		-	-	-	-	-	
<i>Museums</i>		-	-	-	-	-	
<i>Galleries</i>		-	-	-	-	-	
<i>Theatres</i>		-	-	-	-	-	
<i>Libraries</i>		-	-	-	-	-	
<i>Cemeteries/Crematoria</i>		-	-	-	-	-	
<i>Police</i>		-	-	-	-	-	
<i>Parks</i>		-	-	-	-	-	
<i>Public Open Space</i>		-	-	-	-	-	

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		-	-	-	-	-	
<i>Nature Reserves</i>		-	-	-	-	-	
<i>Public Ablution Facilities</i>		-	-	-	-	-	
<i>Markets</i>		-	-	-	-	-	
<i>Stalls</i>		-	-	-	-	-	
<i>Abattoirs</i>		-	-	-	-	-	
<i>Airports</i>		-	-	-	-	-	
<i>Taxi Ranks/Bus Terminals</i>		-	-	-	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	
<i>Indoor Facilities</i>		-	-	-	-	-	
<i>Outdoor Facilities</i>		-	-	6,983,430	-	-	
<i>Capital Spares</i>		-	-	-	-	-	
				-			
Heritage assets		-	-	-	-	-	
<i>Monuments</i>		-	-	-	-	-	
<i>Historic Buildings</i>		-	-	-	-	-	
<i>Works of Art</i>		-	-	-	-	-	
<i>Conservation Areas</i>		-	-	-	-	-	
<i>Other Heritage</i>		-	-	-	-	-	
				-			
Investment properties		-	-	-	-	-	
<i>Revenue Generating</i>		-	-	-	-	-	
<i>Improved Property</i>		-	-	-	-	-	
<i>Unimproved Property</i>		-	-	-	-	-	
<i>Non-revenue Generating</i>		-	-	-	-	-	
<i>Improved Property</i>		-	-	-	-	-	
<i>Unimproved Property</i>		-	-	-	-	-	
				-			
Other assets		-	-	-	-	1	
<i>Operational Buildings</i>		-	-	-	-	1	
<i>Municipal Offices</i>							

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

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				-			
Furniture and Office Equipment		-	-	-	-	-	
Furniture and Office Equipment		-	-	-	-	-	
				-			
Machinery and Equipment		-	600,000	-	-	-	
Machinery and Equipment		-	600,000	-	-	-	
				-			
Transport Assets		-	-	-	-	-	
Transport Assets		-	-	-	-	-	
				-			
Land		-	-	-	-	-	
Land		-	-	-	-	-	
				-			
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	
Total Capital Expenditure on new assets to be adjusted	13,232,772	22,971,150	22,371,150	12,390,461	19,339,451	16,627,303	

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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								
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								

Table continued next page

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Table continued from previous page

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

APPENDICES

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

Capital Expenditure - Upgrade/Renewal Programme							
							R'000
Description	2019/2020	2020/2021		Planned Capital Expenditure			
	Actual	Original Budget	Adjusted Budget	Actual	2021/2022	2022/2023	2023/2024
Capital expenditure on renewal of existing assets by Asset Class/Sub-class							
Infrastructure		-	-		-	-	-
Roads Infrastructure		-	-		-	-	-
<i>Roads</i>		-	-		-	-	-
<i>Road Structures</i>		-	-		-	-	-
<i>Road Furniture</i>		-	-		-	-	-
<i>Capital Spares</i>		-	-		-	-	-
Storm water Infrastructure		-	-		-	-	-
<i>Drainage Collection</i>		-	-		-	-	-
<i>Storm water Conveyance</i>		-	-		-	-	-
<i>Attenuation</i>		-	-		-	-	-
Electrical Infrastructure		-	-		-	-	-
<i>Power Plants</i>		-	-		-	-	-
<i>HV Substations</i>		-	-		-	-	-
<i>HV Switching Station</i>		-	-		-	-	-
<i>HV Transmission Conductors</i>		-	-		-	-	-
<i>MV Substations</i>		-	-		-	-	-
<i>MV Switching Stations</i>		-	-		-	-	-
<i>MV Networks</i>		-	-		-	-	-
<i>LV Networks</i>		-	-		-	-	-
<i>Capital Spares</i>		-	-		-	-	-
Water Supply Infrastructure		-	-		-	-	-
<i>Dams and Weirs</i>		-	-		-	-	-

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<i>Boreholes</i>	-	-	-	-	-	-
<i>Reservoirs</i>	-	-	-	-	-	-
<i>Pump Stations</i>	-	-	-	-	-	-
<i>Water Treatment Works</i>	-	-	-	-	-	-
<i>Bulk Mains</i>	-	-	-	-	-	-
<i>Distribution</i>	-	-	-	-	-	-
<i>Distribution Points</i>	-	-	-	-	-	-
<i>PRV Stations</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-
<i>Pump Station</i>	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-
<i>Waste Water Treatment Works</i>	-	-	-	-	-	-
<i>Outfall Sewers</i>	-	-	-	-	-	-
<i>Toilet Facilities</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-
<i>Landfill Sites</i>	-	-	-	-	-	-
<i>Waste Transfer Stations</i>	-	-	-	-	-	-
<i>Waste Processing Facilities</i>	-	-	-	-	-	-
<i>Waste Drop-off Points</i>	-	-	-	-	-	-
<i>Waste Separation Facilities</i>	-	-	-	-	-	-
<i>Electricity Generation Facilities</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-
<i>Rail Lines</i>	-	-	-	-	-	-
<i>Rail Structures</i>	-	-	-	-	-	-
<i>Rail Furniture</i>	-	-	-	-	-	-
<i>Drainage Collection</i>	-	-	-	-	-	-
<i>Storm water Conveyance</i>	-	-	-	-	-	-
<i>Attenuation</i>	-	-	-	-	-	-

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<i>MV Substations</i>	-	-	-	-	-	-
<i>LV Networks</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-
<i>Sand Pumps</i>	-	-	-	-	-	-
<i>Piers</i>	-	-	-	-	-	-
<i>Revetments</i>	-	-	-	-	-	-
<i>Promenades</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-
<i>Data Centres</i>	-	-	-	-	-	-
<i>Core Layers</i>	-	-	-	-	-	-
<i>Distribution Layers</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-
<i>Halls</i>	-	-	-	-	-	-
<i>Centres</i>	-	-	-	-	-	-
<i>Crèches</i>	-	-	-	-	-	-
<i>Clinics/Care Centres</i>	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>	-	-	-	-	-	-
<i>Testing Stations</i>	-	-	-	-	-	-
<i>Museums</i>	-	-	-	-	-	-
<i>Galleries</i>	-	-	-	-	-	-
<i>Theatres</i>	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-
<i>Cemeteries/Crematoria</i>	-	-	-	-	-	-
<i>Police</i>	-	-	-	-	-	-
<i>PurIs</i>	-	-	-	-	-	-
<i>Public Open Space</i>	-	-	-	-	-	-

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<i>Nature Reserves</i>	-	-	-	-	-	-
<i>Public Ablution Facilities</i>	-	-	-	-	-	-
<i>Markets</i>	-	-	-	-	-	-
<i>Stalls</i>	-	-	-	-	-	-
<i>Abattoirs</i>	-	-	-	-	-	-
<i>Airports</i>	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-
<i>Indoor Facilities</i>	-	-	-	-	-	-
<i>Outdoor Facilities</i>	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-
				-	-	-
<u>Heritage assets</u>	-	-	-	-	-	-
<i>Monuments</i>	-	-	-	-	-	-
<i>Historic Buildings</i>	-	-	-	-	-	-
<i>Works of Art</i>	-	-	-	-	-	-
<i>Conservation Areas</i>	-	-	-	-	-	-
<i>Other Heritage</i>	-	-	-	-	-	-
				-	-	-
<u>Investment properties</u>	-	-	-	-	-	-
<i>Revenue Generating</i>	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-
<i>Non-revenue Generating</i>	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-
				-	-	-
<u>Other assets</u>	-	-	-	-	-	-
<i>Operational Buildings</i>	-	-	-	-	-	-
<i>Municipal Offices</i>	-	-	-	-	-	-

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

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Furniture and Office Equipment		-	-		-	-	-
Furniture and Office Equipment		-	-		-	-	-
					-	-	-
Machinery and Equipment		150,000	150,000		-	-	-
Machinery and Equipment		150,000	150,000		-	-	-
					-	-	-
Transport Assets		-	-		-	-	-
Transport Assets		-	-		-	-	-
					-	-	-
Land		-	-		-	-	-
Land		-	-		-	-	-
					-	-	-
Zoo's, Marine and Non-biological Animals		-	-		-	-	-
Zoo's, Marine and Non-biological Animals		-	-		-	-	-
					-	-	-
Total Capital Expenditure on new assets to be adjusted		150,000	150,000		-	-	-

APPENDICES

Table continued from previous page

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

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 2020/2021					
Capital Project	Original Budget	Adjustment Budget	Actual	Actual Variance (Act-Adj) %	Actual Variance (Act-OB) %
Water					
Refurbishment of WWTW	8,480,831.00	8,480,831.00	579,514.29	93%	93%
Drought relief: Boreholes	8,264,000.00	8,264,000.00	5,763,745.12	30%	30%
Sanitation/Sewerage					
Upgrading of Outfall Sewer	6,232,791.00	6,232,791.00	5,691,412.07	9%	9%
Electricity					
Electrification	2,500,000.00	2,500,000.00	-	100%	100%
Refusal Remover					
Cleaning of Municipal area	240,000.00	240,000.00	197,405.53	18%	18%
Roads & Stormwaters					
Paving of Church St	350,000.00	350,000.00	329,683.25	6%	6%
					T N

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 2020/2021		
Capital Project	Ward (s) affected	Works completed (Yes/No)
Water		
Refurbishment of WWTW	2	No
Drought relief: Boreholes	1	No (95%)
Sanitation/Sewerage		
Upgrading of Outfall Sewer	3	No (95%)
Electricity		
Electrification	2	No
Refusal Remover		
Cleaning of Municipal area	All	Yes
Roads & Stormwaters		
Paving of Church St	2	Yes
Sports, Art & Culture		

APPENDICES

Upgrading of Sports facility	2	No	TO
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APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

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

APPENDICES

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reseviors		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDICES

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

Declarations of Loans and Grants made by the municipality: Year 2020/2021				
All Organisations or Person in receipt of Loans /Grants provided by the municipality	Nature of project	Condition attached to funding	Value R'000	Total amount committed over previous and future years
<i>None</i>				

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National & Provincial outcomes for Local Government		
Outcome/Output	Progress to date	Number or percentage achieved
Output: Improving access to basic service	Ongoing projects	Unknown
Output: Implementation of the Community Work Programme		Unknown
Output: Deepen democracy through a refund Ward Committee model	Information is reflected in chapter 2	Unknown
Output: Administrative and financial capability	<p>The Council is fully operational</p> <ul style="list-style-type: none"> * A Municipal Accounts Committee (MPAC) has been established * The administration is headed by the Municipal Manager and three heads of Department * There are no pending suspensions or disciplinary process against any executive member 	Unknown

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



Thembelihle Local Municipality
Financial statements
for the year ended 30 June 2021
Auditor-General of South Africa

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	South African category B municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act No. 117 of 1998) (Municipal demarcation code NC076)
Nature of business and principal activities	Provision of municipal services in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Municipal Systems Act, 2000 (Act No. 32 of 2000)
Mayoral committee	
Executive Mayor	Mpamba, B
Councillors	Britz, HL Dolopi, V Guest, C Jansen, R Naude, PM Swartling, S Tallies, J Tshangela, B (deceased)
Grading of local authority	The Thembelihle Local Municipality is a grade 2 Local Authority in terms of items of Government Notice R999 of 2 October 2001, Published in terms of the remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
Accounting Officer	Jack, MR
Chief Finance Officer (CFO)	Shuping, RJ
Registered office	Municipal Offices Church Street Hopetown 8750
Business address	Municipal Offices Church Street Hopetown 8750
Postal address	Private Bag X3 Hopetown 8750
Bankers	Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa
Attorneys	Herman van Heerden Inc

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
DPLG	Department of Provincial and Local Government
DWS	Department of Water and Sanitation
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

The 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 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 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 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality's operations depend on a number of sources of revenue ranging from National Government to its own sources and donations for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Thembelihle Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the fair presentation of the financial statements have been audited by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors.

The financial statements set out on pages 4 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on 28 February 2022 and were signed on its behalf by:

Mr. RJ Shuping
Acting Accounting Officer

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2021.

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services in terms of the Municipal Finance Management, 2003 (Act No. 56 of 2003) and Municipal Systems, 2000 (Act No. 32 of 2000) and operates principally in South Africa.

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

Net deficit of the municipality was R 26 421 856 (2020: deficit R 31 981 269).

Proportion of income to total revenue attributable to various classes of business:

2021

Classes of business	Proportion of contribution to income	Other informative information
Property rates	6 %	4 761 377
Service charges	25 %	18 142 916
Grants and subsidies	57 %	50 451 537
Other	12 %	8 769 189
Total	100 %	82 125 019

2020

Classes of business	Proportion of contribution to income	Other informative information
Property rates	6 %	4 402 334
Services charges	25 %	18 466 562
Grants and subsidies	62 %	45 594 798
Other	7 %	4 043 443
Total	100 %	72 507 137

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality still has power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue, 2020 (Act No. 4 of 2020).

3. Subsequent events

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

4. Accounting Officer's interest in contracts

The accounting officer had no interest in contracts during the year.

5. Accounting policies

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122 (3) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003).

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

6. Accounting Officer

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

Name	Nationality	Changes
Mr. MR Jack	South African	Appointed Thursday, 02 November 2017

7. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the code on a three-monthly basis.

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

Council

The Council:

- retains full control over the municipality, its plans and strategy; and
- 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.

Remuneration

The upper limits of the remuneration of the councillors, are determined in terms of the Government Notices issued by the Minister of Co-operative Governance and Traditional Affairs, as required by him by the Remunerations of Public Office Bearers, 1998 (Act No. 20 of 1998).

Committee meetings

The accounting officer meets on a regular basis with the Mayor and Chairpersons of Portfolio Committees.

Portfolio Committee Chairpersons have access to all members of management (Section 57 Managers) of the municipality.

Internal audit

The municipality has a shared internal audit function based at the district municipality (as highlighted above). This is in compliance with the Municipal Finance Management 2003 (Act No. 56 of 2003).

8. Bankers

The municipality's primary banker is the Standard Bank of South Africa Limited.

9. Auditors

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

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	3	68 775	39 722
Receivables from exchange transactions	4&5	2 508 884	3 522 163
Statutory receivables from non-exchange transactions	5&6	613 679	2 321 084
VAT statutory receivable	7	4 631 699	3 182 341
Pre-payments		-	17 460
Other receivables from exchange transactions	8	-	595 416
Cash and cash equivalents	9	(22 010)	37 013
		7 801 027	9 715 199
Non-Current Assets			
Investment property	10	20 995 598	20 941 906
Property, plant and equipment	11	248 510 769	249 120 034
Intangible assets	12	32 667	26 652
Non-current receivables from exchange transactions	13	-	703 543
		269 539 034	270 792 135
Total Assets		277 340 061	280 507 334
Liabilities			
Current Liabilities			
Other financial liabilities	14	1 356 085	767 827
Finance lease obligation	15	590 030	817 192
Payables from exchange transactions	16	138 470 067	113 765 840
Consumer deposits	17	709 769	647 657
Employee benefit obligation	18	258 000	254 000
Unspent conditional grants and receipts	19	1 114 550	1 499 678
Provisions	20	12 047 255	11 664 614
Third party collections	21	1 493 287	744 454
Long service awards	22	171 000	162 000
Bank overdraft	9	209 601	2 786 097
		156 419 644	133 109 359
Non-Current Liabilities			
Other financial liabilities	14	1 515 903	2 135 226
Finance lease obligation	15	1 064 057	1 675 436
Employee benefit obligation	18	5 669 000	4 649 000
Long service awards	22	1 486 000	1 331 000
		9 734 960	9 790 662
Total Liabilities		166 154 604	142 900 021
Net Assets		111 185 457	137 607 313
Accumulated surplus		111 185 457	137 607 313

Thembelihle Local Municipality

(Registration number NC076)

Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	19 456 550	18 466 562
Rental of facilities and equipment	24	429 314	415 620
Interest received - consumers	25	4 352 084	1 521 669
Licences and permits	26	31 677	79 166
Commissions received	27	1 477 695	1 060 523
Other income	28	155 312	163 789
Interest received - investments	25	27 000	302 196
Total revenue from exchange transactions		25 929 632	22 009 525
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	4 893 749	4 402 334
Licences or permits (non-exchange)	26	-	92 395
Informal settlement rates		-	1 385
Transfer revenue			
Government grants and subsidies	30	48 541 128	43 930 343
Public contributions and donations	31	1 939 592	-
Fines, penalties and forfeits	32	477 500	406 700
Provincial Treasury Grant	33	1 910 409	1 664 455
Total revenue from non-exchange transactions		57 762 378	50 497 612
Total revenue		83 692 010	72 507 137
Expenditure			
Employee related costs	34	(34 277 963)	(31 152 550)
Remuneration of councillors	35	(3 054 573)	(2 578 205)
Administration	36	(24 698)	(131 496)
Depreciation and amortisation	37	(14 686 403)	(14 413 475)
Finance costs	38	(3 491 807)	(11 250 688)
Lease rentals on operating lease	39	(27 860)	(106 984)
Bad debt impairment movement	40	(21 557 844)	(8 461 564)
Auditor's remuneration	45	(3 393 039)	(4 816 204)
Bulk purchases	41	(13 336 100)	(15 108 588)
Professional and consulting fees		(7 594 985)	(6 305 947)
General expenses	42	(8 344 529)	(10 668 586)
Total expenditure		(109 789 801)	(104 994 287)
Operating deficit		(26 097 791)	(32 487 150)
Gain/ (loss) on disposal of assets and liabilities		(37 482)	(35 719)
Fair value adjustments	43	67 561	207 346
Actuarial gains/losses	18	(354 144)	334 254
		(324 065)	505 881
Deficit for the year		(26 421 856)	(31 981 269)

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	169 721 023	169 721 023
Adjustments		
Correction of errors (see note 48)	(132 446)	(132 446)
Balance at 01 July 2019	169 588 577	169 588 577
Changes in net assets		
Surplus for the year	(31 981 269)	(31 981 269)
Total changes	(31 981 269)	(31 981 269)
Restated Balance at 01 July 2020	137 607 313	137 607 313
Changes in net assets		
Surplus for the year	(26 421 856)	(26 421 856)
Total changes	(26 421 856)	(26 421 856)
Balance at 30 June 2021	111 185 457	111 185 457

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Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services		14 859 215	23 798 318
Grants		50 066 409	42 084 061
Interest income		27 000	302 196
		<u>64 952 624</u>	<u>66 184 575</u>
Payments			
Employee costs		(36 398 197)	(33 211 591)
Suppliers		(12 155 820)	(23 178 085)
		<u>(48 554 017)</u>	<u>(56 389 676)</u>
Net cash flows from operating activities	44	<u>16 398 607</u>	<u>9 794 899</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(12 142 441)	(13 526 170)
Proceeds from sale of property, plant and equipment	11	13 869	145 928
Purchase of investment property	10	(13 278)	-
Purchase of other intangible assets	12	(25 324)	-
		<u>(12 167 174)</u>	<u>(13 380 242)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(210 236)	(716 597)
Finance payments		(1 503 730)	(1 037 773)
		<u>(1 713 966)</u>	<u>(1 754 370)</u>
Net increase/(decrease) in cash and cash equivalents		<u>2 517 467</u>	<u>(5 339 713)</u>
Cash and cash equivalents at the beginning of the year		(2 749 083)	2 590 630
Cash and cash equivalents at the end of the year	9	<u>(231 616)</u>	<u>(2 749 083)</u>

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue by source

Property rates	6 768 321	(335 905)	6 432 416	4 893 749	(1 538 667)	60.1
Service charges	27 149 534	2 374 851	29 524 385	19 456 550	(10 067 835)	60.2
Investment revenue	2 618 079	1 358 417	3 976 496	4 808 398	831 902	60.3
Transfers recognised - operational	32 719 850	3 598 001	36 317 851	37 205 646	887 795	
Other own revenue	8 124 792	2 053 658	10 178 450	2 142 184	(8 036 266)	60.4
Total Revenue (excluding capital transfers and contributions)	77 380 576	9 049 022	86 429 598	68 506 527	(17 923 071)	

Expenditure by type

Employee costs	(31 541 194)	(1 852 006)	(33 393 200)	(34 277 963)	(884 763)	60.5
Remuneration of councillors	(3 065 710)	(43 500)	(3 109 210)	(3 054 573)	54 637	
Debt impairment	(530 263)	-	(530 263)	(21 557 844)	(21 027 581)	60.6
Depreciation and asset impairment	(8 668 934)	-	(8 668 934)	(14 686 403)	(6 017 469)	60.7
Finance charges	(1 117 397)	(784 674)	(1 902 071)	(3 491 807)	(1 589 736)	60.8
Materials and bulk purchases	(11 466 897)	(1 381 000)	(12 847 897)	(13 336 100)	(488 203)	
Transfers and grants	(1 000 000)	(260 000)	(1 260 000)	-	1 260 000	60.9
Other expenditure	(13 498 988)	(2 847 391)	(16 346 379)	(19 385 111)	(3 038 732)	
Total expenditure	(70 889 383)	(7 168 571)	(78 057 954)	(109 789 801)	(31 731 847)	
Surplus	6 491 193	1 880 451	8 371 644	(41 283 274)	(49 654 918)	
Transfers recognised - capital	27 371 152	(7 500 000)	19 871 152	13 245 891	(6 625 261)	
Public contributions and donations	-	-	-	1 939 592	1 939 592	60.10
Surplus for the year	33 862 345	(5 619 549)	28 242 796	(26 097 791)	(54 340 587)	

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Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash	4 029 000	1 892 288	5 921 288	(22 010)	(5 943 298)	60.11
Call investment deposits	(460)	-	(460)	-	460	60.12
Consumer debtors	11 426 346	-	11 426 346	2 508 884	(8 917 462)	60.13
Other debtors	3 754 023	-	3 754 023	5 245 378	1 491 355	60.14
Inventory	2 300	-	2 300	68 774	66 474	60.15
	19 211 209	1 892 288	21 103 497	7 801 026	(13 302 471)	
Non-Current Assets						
Investments	546 552	-	546 552	-	(546 552)	60.16
Investment property	9 007 030	-	9 007 030	20 995 598	11 988 568	60.17
Property, plant and equipment	278 178 287	-	278 178 287	248 510 769	(29 667 518)	60.18
Intangible	233 071	-	233 071	32 667	(200 404)	60.19
	287 964 940	-	287 964 940	269 539 034	(18 425 906)	
Total Assets	307 176 149	1 892 288	309 068 437	277 340 060	(31 728 377)	
Liabilities						
Current Liabilities						
Bank overdraft	-	-	-	209 601	209 601	60
Borrowing	237 723	-	237 723	1 946 115	1 708 392	60.20
Consumer deposits	-	-	-	709 768	709 768	60.21
Trade and other payables	117 943 246	(117 830 000)	113 246	141 077 904	140 964 658	60.22
Provisions	37 383 606	-	37 383 606	12 476 255	(24 907 351)	60.23
	155 564 575	(117 830 000)	37 734 575	156 419 643	118 685 068	
Non-Current Liabilities						
Borrowing	5 522 740	-	5 522 740	2 579 960	(2 942 780)	60.22
Provisions	9 022 590	-	9 022 590	7 155 000	(1 867 590)	60.23
	14 545 330	-	14 545 330	9 734 960	(4 810 370)	
Total Liabilities	170 109 905	(117 830 000)	52 279 905	166 154 603	113 874 698	
Net Assets	137 066 244	119 722 288	256 788 532	111 185 457	(145 603 075)	
Community wealth/equity						
Accumulated Surplus/(Deficit)	137 066 244	119 722 288	256 788 532	111 185 457	(145 603 075)	

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other	40 029 836	(4 180 943)	35 848 893	14 859 215	(20 989 678)	60.24
Government - operating	27 935 920	-	27 935 920	27 102 000	(833 920)	
Government - capital	33 209 400	2 967 600	36 177 000	22 964 409	(13 212 591)	60.25
Interest income	641 633	-	641 633	27 000	(614 633)	60.26
	101 816 789	(1 213 343)	100 603 446	64 952 624	(35 650 822)	
Payments						
Suppliers and employees	(50 363 339)	810 127	(49 553 212)	48 554 017	98 107 229	
Finance charges	(384 240)	-	(384 240)	-	384 240	60.27
Transfers and grants	(7 556 908)	3 000 000	(4 556 908)	-	4 556 908	60.28
	(58 304 487)	3 810 127	(54 494 360)	48 554 017	103 048 377	
Net cash flows from operating activities	43 512 302	2 596 784	46 109 086	113 506 641	67 397 555	
Net increase/(decrease) in cash held	43 512 302	2 596 784	46 109 086	113 506 641	67 397 555	60.29
Cash and cash equivalents at the end of the year	43 512 302	2 596 784	46 109 086	113 506 641	67 397 555	

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Financial Statements

The 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, 2003 (Act No. 56 of 2003).

These 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.

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

These accounting policies are consistent with the previous period, except for the changes set out in note 51 Changes in accounting policy.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality and all values are rounded to the nearest Rand.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Trade receivables

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per trade receivable per service.

Provisions

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

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.

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

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

Cash and cash equivalents

Cash includes cash on hand (petty cash) and cash with banks (including call deposits). Cash equivalents are short term highly liquid investments that are readily convertible to a known amount of cash and are held with registered banking institutions with maturities of three months or less. They are subject to insignificant risk of changes in value.

For purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility used. Finance charges on bank overdrafts are expenses as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at amortised cost.

1.4 Investment property

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

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

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

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

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

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

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

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Investment property (continued)

Fair value

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if,

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

Property, plant and equipment is initially measured at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition.

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 by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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

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

Item	Depreciation method	Average useful life - Years
Land		
• Land	Not Applicable	
Buildings	Straight line	
• Improvements		10 - 30
Infrastructure	Straight line	
• Roads and Paving		5 - 80
• Electricity		5 - 50
• Water and sanitation		10 - 100
• Sewerage/ Solid waste		10 - 60
• Water		10 - 100
Community	Straight line	
• Community Facilities		30
• Recreational facilities		15 - 30
Other	Straight line	
• Computer Equipment		5 - 10
• Emergency Equipment		10
• Furniture and Fittings		5 - 15
• Motor Vehicles		7 - 15
• Office Equipment		5 - 15
• Plant and Equipment		5 - 15

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

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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

1.6 Site restoration and dismantling cost (Landfill sites)

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 an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

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

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential 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.

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, other	5 Years

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

Thembelihle Local Municipality

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Financial Statements for the year ended 30 June 2021

Accounting Policies

1.7 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Liabilities for annual leave (accrued leave pay) and annual bonus are recognised as they accrue to employees. Accrual is based on the potential liability of the municipality. Liabilities for goods and services rendered to the municipality before year end are accrued on management's estimate if the invoice or statement have not been issued.

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.

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.

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the 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.

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1.9 Financial instruments (continued)

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:

- 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.

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;
- 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
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

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1.9 Financial instruments (continued)

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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1.9 Financial instruments (continued)

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Unspent conditional grants

A government grant is recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received.

Where not all conditions relating to the conditional grant has been met, a portion of the grant is treated as unspent. In this case, the unspent portion is treated as deferred income.

1.11 Statutory receivables

Identification

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

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

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

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

The transaction amount (for purposes of this Standard) 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

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.

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Accounting Policies

1.11 Statutory receivables (continued)

Other charges

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

Impairment losses

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

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

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

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

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

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

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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Accounting Policies

1.12 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.13 Inventories

Inventories 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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Accounting Policies

1.13 Inventories (continued)

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

Water

The estimation of the water inventory in the reservoirs is based on the measurement of water via manual level meters, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir.

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

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location, net of trade discounts and rebates.

Water and purified effluent are valued by using the last invoice amount per KL as received from the water supplier to determine the lowest of cost and net realisable value.

1.14 Construction contracts and receivables

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

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

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

Treasury provides the Municipality with the Regional Bulk infrastructure grant. This Grant refunds the Municipality for expenses incurred on approved projects.

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

1.15 Impairment of cash-generating assets

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

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

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.

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1.15 Impairment of cash-generating assets (continued)

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 of 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.

1.16 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.17 Employee benefits

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 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.

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1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48.

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, the related depreciation, based on the estimated useful life of the landfill site is recognised immediately in surplus or deficit.

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;

1.19 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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1.19 Commitments (continued)

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-cancelable or only cancelable 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 operational commitments are excluded.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

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 charges relating to electricity, water and sanitation are based on consumption. Meters are read and billed on a monthly basis and revenue is accounted for when invoiced. Estimated consumptions are made monthly when meters have not been read. The estimates of consumption are accounted for as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are accounted for as revenue or as a write back of revenue in the invoicing period. Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year end based on the average consumption history.

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1.20 Revenue from exchange transactions (continued)

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, in surplus or deficit, using the effective interest rate method.

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.

Income from agency services: Income from agency services are accounted for on a monthly basis once the income collected/retrieved on behalf of agents has been quantified. The income is accounted for in terms of the agency agreement.

1.21 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

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 Comparative figures

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

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Accounting Policies

1.24 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 in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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1.27 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The 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.

1.29 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.

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Accounting Policies

1.29 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

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 considered to be those family members who may be expected to influence, or be influenced by, that management 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 financial statements.

1.30 Accumulated surplus

Accumulated surplus is updated on a yearly basis with the net deficit or net loss, whichever is applicable for the financial period's results.

1.31 Value Added Tax (VAT)

The municipality is registered with SARS for VAT on the payment basis, in accordance with Sec15(2)(a) of the Value-added Tax Act No 89 of 1991. VAT is accounted for on the accrual basis as required by GRAP on the transaction basis. At year end balances remain for deferred VAT Receivable and Payable as well as the Actual amount receivable or payable with SARS.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- | | | |
|---|---------------|--|
| • IGRAP 20: Accounting for Adjustments to Revenue | 01 April 2020 | Unlikely there will be a material impact |
| • GRAP 18: Segment Reporting | 01 April 2020 | Not expected to impact results but may result in additional disclosure |

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

- | | | |
|--|------------------|--|
| • Guideline on Accounting for Landfill Sites | To be determined | Unlikely there will be a material impact |
| • The Application of Materiality to Financial Statements | To be determined | Unlikely there will be a material impact |

3. Inventories

Consumable stores	66 789	38 191
Water	1 986	1 531
	68 775	39 722
Carrying value of inventories carried at fair value less costs to sell	68 775	39 722
Inventories recognised as an expense during the year	685 622	292 144

The cost of water production for the year amounted to R23.14 (2020: R22.76) per kilolitre.

Inventory pledged as security

No inventory was pledged as security during the current financial period.

4. Receivables from exchange transactions

Deposits	-	106 780
Consumer debtors - Electricity	1 587 370	2 191 010
Consumer debtors - Water	313 504	318 373
Consumer debtors - Sewerage	222 371	412 513
Consumer debtors - Refuse	140 807	216 766
Consumer debtors - Arrears	224 314	138 858
Consumer debtors - Rentals	20 745	25 325
Consumer debtors - Other	(227)	112 538
	2 508 884	3 522 163

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5. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	10 113 223	8 002 571
Consumer debtors - Electricity	9 295 877	8 451 570
Consumer debtors - Water	24 925 035	19 885 317
Consumer debtors - Sewerage	18 502 469	15 025 711
Consumer debtors - Refuse	10 727 057	8 619 975
Consumer debtors - Arrears	5 293 376	1 755 747
Consumer debtors - Rentals	1 850 980	1 739 377
Consumer debtors - Other	-	119 116
	80 708 017	63 599 384
Less: Allowance for impairment		
Consumer debtors - Rates	(9 711 477)	(7 357 247)
Consumer debtors - Electricity	(7 708 507)	(6 260 560)
Consumer debtors - Water	(24 611 531)	(19 566 944)
Consumer debtors - Sewerage	(18 280 098)	(14 613 198)
Consumer debtors - Refuse	(10 586 250)	(8 403 209)
Consumer debtors - Arrears	(5 069 062)	(1 616 889)
Consumer debtors - Rentals	(1 830 235)	(1 714 052)
Consumer debtors - Other	(227)	(6 578)
	(77 797 387)	(59 538 677)
Net balance		
Consumer debtors - Rates	401 746	645 324
Consumer debtors - Electricity	1 587 370	2 191 010
Consumer debtors - Water	313 504	318 373
Consumer debtors - Sewerage	222 371	412 513
Consumer debtors - Refuse	140 807	216 766
Consumer debtors - Arrears	224 314	138 858
Consumer debtors - Rentals	20 745	25 325
Consumer debtors - Other	(227)	112 538
	2 910 630	4 060 707
Included in above is receivables from exchange transactions		
Electricity	1 587 370	2 191 010
Water	313 504	318 373
Sewerage	222 371	412 513
Refuse	140 807	216 766
Arrears	224 314	138 858
Rentals	20 745	25 325
Other	(227)	112 538
	2 508 884	3 415 383
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Property rates	10 113 223	8 002 571
Provision for impairment	(9 711 477)	(7 357 247)
	401 746	645 324
Net balance	2 910 630	4 060 707

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5. Consumer debtors disclosure (continued)

Rates

Current (0 -30 days)	171 007	168 752
31 - 60 days	44 931	65 177
61 - 90 days	32 367	49 174
91 - 120 days	28 047	42 496
121 - 365 days	125 394	319 725
	401 746	645 324

Electricity

Current (0 -30 days)	684 940	832 245
31 - 60 days	160 493	276 861
61 - 90 days	110 375	238 714
91 - 120 days	69 581	192 111
121 - 365 days	561 981	651 079
	1 587 370	2 191 010

Water

Current (0 -30 days)	91 031	91 074
31 - 60 days	29 365	24 143
61 - 90 days	25 491	11 456
91 - 120 days	19 420	9 143
121 - 365 days	148 197	182 557
	313 504	318 373

Sewerage

Current (0 -30 days)	63 509	82 277
31 - 60 days	19 389	32 704
61 - 90 days	13 348	22 223
91 - 120 days	12 236	16 858
121 - 365 days	113 889	258 451
	222 371	412 513

Refuse

Current (0 -30 days)	37 998	39 330
31 - 60 days	12 115	15 459
61 - 90 days	8 786	10 531
91 - 120 days	8 096	8 540
121 - 365 days	73 812	142 906
	140 807	216 766

Arrears

Current (0 -30 days)	4 728	11 321
31 - 60 days	4 639	9 631
61 - 90 days	2 485	8 882
91 - 120 days	2 534	8 658
121 - 365 days	209 928	100 366
	224 314	138 858

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5. Consumer debtors disclosure (continued)

Rentals

Current (0 -30 days)	4 870	18 431
31 - 60 days	2 377	6 894
61 - 90 days	2 377	-
91 - 120 days	1 960	-
121 - 365 days	9 161	-
	20 745	25 325

Other

Current (0 -30 days)	4 870	3 267
31 - 60 days	2 377	137
61 - 90 days	2 377	137
91 - 120 days	1 960	137
121 - 365 days	(11 811)	108 860
	(227)	112 538

Consumers

Current (0 -30 days)	1 483 469	1 600 518
31 - 60 days	1 108 816	1 227 055
61 - 90 days	1 139 761	1 118 376
91 - 120 days	1 162 106	1 056 535
121 - 365 days	56 005 199	49 923 542
	60 899 351	54 926 026
Less: Allowance for impairment	(59 397 042)	(52 442 682)
	1 502 309	2 483 344

Industrial/ commercial

Current (0 -30 days)	494 691	603 046
31 - 60 days	310 665	301 112
61 - 90 days	275 810	235 668
91 - 120 days	231 073	297 758
121 - 365 days	6 919 449	6 478 311
	8 231 688	7 915 895
Less: Allowance for impairment	(7 273 618)	(6 921 228)
	958 070	994 667

National and provincial government

Current (0 -30 days)	284 783	210 058
31 - 60 days	231 318	118 292
61 - 90 days	249 988	93 689
91 - 120 days	270 438	83 665
121 - 365 days	10 419 147	253 649
	11 455 674	759 353
Less: Allowance for impairment	(11 243 951)	(289 198)
	211 723	470 155

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5. Consumer debtors disclosure (continued)		
Total debtor past due but not impaired		
31 - 60 days	273 309	1 243 430
61 - 90 days	195 229	430 868
91 - 120 days	141 874	340 980
121 - 365 days	105 429	277 805
> 365 days	1 135 614	1 655 084
	1 851 455	3 948 167
Reconciliation of allowance for impairment		
Balance at beginning of the year	(59 538 677)	(51 052 337)
Contributions to allowance	(18 375 934)	(8 486 340)
	(77 914 611)	(59 538 677)
6. Statutory receivables from non-exchange transactions		
Fines	211 933	1 675 760
Consumer debtors - Rates	401 746	645 324
	613 679	2 321 084

Statutory receivables from non-exchange transactions written off

An instruction was issued by the National Prosecuting Authority (NPA) that all traffic fines be cancelled after 18 months. If a summons was issued on the fine, the lifespan of the summons is 2 years. The municipality is not aware of a summons issued on outstanding fines. It is therefore safe to say that all fines older than 2 years be written off. Council approved the write off of all fines older than 2 years. A detailed listing of all fines issued is that were in existence during the 2018/2019 and the 2019/2020 financial years is available for inspection.

Analysis of statutory receivables from non-exchange transactions that were impaired at the reporting date - traffic fines:

As of 30 June 2021, traffic fine receivables from non-exchange transactions, the impairment raised in the current year is R565 381.

As at 30 June 2021, the traffic fines debtors impairment amounted to:

Traffic fine	777 314	4 520 577
Provision for impairment	(565 381)	(2 844 817)
Net balance	211 933	1 675 760

The impairment movement for traffic fines is made up as follows:

Opening balance	2 844 817	2 881 962
Written-off	(2 844 817)	-
Provision for the year	565 381	(37 145)
Net balance	565 381	2 844 817

Traffic fines are levied in accordance with the Administrative Adjudication of Road Traffic Offences, 1998 (Act No. 46 of 1998) (AARTO). The charge per traffic fine is based on schedule 3 of the AARTO Regulations, 2008.

Interest is not charged on outstanding traffic fines.

In certain circumstances, traffic fines are contested in court by the offender and the court determines the final amount payable by the offender. The provision for impairment is based on the uncollectable portion of the fine as determined by the court.

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6. Statutory receivables from non-exchange transactions (continued)

Traffic fines	211 933	1 675 760
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Analysis of statutory receivables from non-exchange transactions that were impaired at the reporting date - property rates:

Property rates	10 113 223	8 002 571
Provision for impairment	(9 711 477)	(7 357 247)
Net balance	401 746	645 324

The impairment movement for property rates is made up as follows:

Opening balance	7 357 247	6 375 696
Provision for the year	2 354 230	981 551
Net balance	9 711 477	7 357 247

Property rates are levied in accordance with section 2 of the Local Government: Municipal Property Rates, 2004 (Act No. 6 of 2004).

All properties that are within the jurisdiction of the municipality are required to be charged a property rates levy. The value of all properties are recorded in the municipal valuation roll. The municipality calculates the property rates levy by using the value of the property as well as the relevant tariff obtained from the council approved property rates policy. The tariff used in the calculation is based on the nature of the property (residential, commercial, state, small holdings and farms).

Property rates are charged to the owner of the property on a monthly basis.

At the end of the reporting period the municipality assesses the collectability of outstanding debts owing from customers in respect of property rates. The assessment includes a trend analysis per customer account in order to estimate the recoverability of the outstanding debt at the financial year end. The uncollectable portion is considered to be impaired and is included in an allowance for impairment account.

The effects of discounting estimated future cash flows are considered immaterial as property rates are short term receivables and the initial credit period granted is consistent with terms used in the public sector

Analysis of statutory receivables from non-exchange transactions that were not impaired at the reporting date:

Property rates	401 746	645 324
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7. VAT statutory receivable

Analysis of statutory receivables from exchange transactions that were not impaired at the reporting date - VAT receivable:

VAT	4 631 699	3 182 341
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The municipality reports to SARS on the cashflow basis and accounts for VAT on the accrual basis as required by GRAP. Therefore deferred VAT balances are as follow:

VAT payable to SARS	(4 568)	(242 604)
Deferred VAT claimable	4 636 267	3 424 945
	4 631 699	3 182 341

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7. VAT statutory receivable (continued)

- The municipality accounts for VAT according to the accrual basis as required by the Standards of Generally Recognised Accounting Practice. A VAT receivable was recognized in terms of section 16 of the Value-Added Tax, 1991 (Act No.89 of 1991).
- The municipality charges an output VAT for services rendered for the year. An input VAT is allowed to be claimed for all payments made by the municipality in acquiring goods/services in order to render the services. The difference between the total output VAT and the total input VAT resulted in an amount owing to the municipality by the South African Revenue Services. The VAT receivable was a refund that was owing to the municipality at year end.
- The receivable was not considered for impairment as there was no risk associated with non-receipt of money from the South African Revenue Services.

8. Other receivables from exchange transactions

Other receivables from exchange transactions consist out of:

Motor registrations	-	411 416
Disputes	-	184 000
	-	595 416

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12 570	6 486
Short-term deposits	(34 580)	30 527
Bank overdraft	(209 601)	(2 786 097)
	(231 611)	(2 749 084)
Current assets	(22 010)	37 013
Current liabilities	(209 601)	(2 786 097)
	(231 611)	(2 749 084)

The carrying value of these assets approximate their fair value. No securities are being held over these assets.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Standard Bank - Account number: 041-879-171	241 292	271 612	(48 807)	224 175	(2 310 325)	(1 842 234)
Standard Bank - Account number: 063-362-309	3 999	320	80 546	3 999	320	80 546
Standard bank - Account number: 048-871-362	-	1 005	41 167	-	-	-
Standard Bank - Account number: 048-873-772-001	1 000	1 591	2 336	1 000	30 527	4 345 831
Standard Bank - Account number: 048-871-524-001	1 009	1 004	1 765 058	1 009	-	-
Standard Bank - Account number: 048-871-672-001	1 725	2 012	2 465 708	1 725	-	-
Standard Bank - Account number: 048-871-311-001	-	1 352	47 406	-	-	-
Total	249 025	278 896	4 353 414	231 908	(2 279 478)	2 584 143

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10. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	20 995 598	-	20 995 598	20 941 906	-	20 941 906

Reconciliation of investment property - 2021

	Opening balance	Derecognition cost	Fair value adjustments	Total
Investment property	20 941 906	(13 279)	66 971	20 995 598

Reconciliation of investment property - 2020

	Opening balance	Fair value adjustments	Total
Investment property	20 734 561	207 345	20 941 906

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the valuation was 30 June 2021. The fair value adjustments of the investment properties being 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 2021, being a rate of 3.7%, this rate was adjusted to 0.32%, considering the registered market transactions and slow growth and decline in the demand for these properties. This was supported by sale prices which were based on data sourced from the Lightstone toolkit through transactions registered in the Registrar of Deeds. This was supported by sale prices which were based on data sourced from transactions registered in the Registrar of Deeds.

The fair value of investment property was provided by Zach van der Merwe, registered as a Professional Property Valuer under section 22 (2) of the Property Valuers Profession Act, 2000 (Act No. 47 of 2000).

11. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 647 844	-	1 647 844	1 647 844	-	1 647 844
Buildings	39 901 318	(29 474 312)	10 427 006	39 901 318	(27 977 777)	11 923 541
Plant and machinery	1 277 331	(1 015 863)	261 468	1 278 191	(881 426)	396 765
Furniture and fixtures	1 135 380	(891 655)	243 725	1 141 710	(803 822)	337 888
Motor vehicles	1 836 368	(575 796)	1 260 572	1 231 132	(531 284)	699 848
Office equipment	1 403 365	(944 038)	459 327	1 508 363	(944 038)	564 325
Finance lease assets	3 866 411	(2 412 458)	1 453 953	3 866 411	(1 730 834)	2 135 577
Infrastructure	379 833 880	(147 118 091)	232 715 789	366 492 079	(135 140 813)	231 351 266
Emergency equipment	305 684	(264 599)	41 085	305 684	(242 704)	62 980
Total	431 207 581	(182 696 812)	248 510 769	417 372 732	(168 252 698)	249 120 034

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	WIP under construction	Derecognition	Depreciation	Impairment loss	Impairment reversal	Total
Land	1 647 844	-	-	-	-	-	-	1 647 844
Buildings	11 923 541	-	-	-	(1 486 136)	(10 399)	-	10 427 006
Plant and machinery	396 765	-	-	(102)	(135 195)	-	-	261 468
Furniture and fixtures	337 888	-	-	(1 070)	(93 144)	-	51	243 725
Motor vehicles	699 848	643 735	-	(16 302)	(66 709)	-	-	1 260 572
Office equipment	564 325	95 908	-	(7 815)	(193 765)	-	674	459 327
Finance lease assets	2 135 577	-	-	-	(681 624)	-	-	1 453 953
Infrastructure	231 351 266	1 939 592	11 402 209	-	(11 977 129)	(149)	-	232 715 789
Emergency equipment	62 980	-	-	-	(21 895)	-	-	41 085
	249 120 034	2 679 235	11 402 209	(25 289)	(14 655 597)	(10 548)	725	248 510 769

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	WIP under construction	Disposals	Transfers	Depreciation	Impairment loss	Impairment reversal	Total
Land	1 647 844	-	-	-	-	-	-	-	1 647 844
Buildings	12 469 174	-	-	-	-	(1 466 495)	(80 455)	1 001 317	11 923 541
Plant and machinery	468 961	52 453	-	(6 014)	-	(118 603)	(32)	-	396 765
Furniture and fixtures	441 151	4 645	-	(5 507)	-	(99 944)	(2 457)	-	337 888
Motor vehicles	666 745	146 571	-	-	-	(86 339)	(27 129)	-	699 848
Office equipment	605 889	135 660	-	(10 212)	-	(165 826)	(1 186)	-	564 325
Finance lease assets	2 951 307	-	-	(130 654)	-	(685 076)	-	-	2 135 577
Infrastructure	230 796 015	-	13 186 841	(29 260)	30 360	(12 523 588)	(109 102)	-	231 351 266
Emergency equipment	84 240	-	-	-	-	(21 260)	-	-	62 980
	250 131 326	339 329	13 186 841	(181 647)	30 360	(15 167 131)	(220 361)	1 001 317	249 120 034

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11. Property, plant and equipment (continued)

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	10 - 30
Electricity	Straight line	5 - 50
Roads and paving	Straight line	5 - 80
Furniture and fittings	Straight line	5 - 15
Motor vehicles	Straight line	7 - 15
Office equipment	Straight line	5 - 15
Computer equipment	Straight line	5 - 10
Emergency equipment	Straight line	10
Plant and equipment	Straight line	5 - 15
Community facilities	Straight line	30
Recreational facilities	Straight line	15 - 30
Sanitation	Straight line	10 - 100
Solid waste	Straight line	10 - 60
Water network	Straight line	10 - 100

Assets subject to finance lease (Net carrying amount)

Finance lease assets	1 453 953	2 135 577
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Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected:

Construction of new solid waste disposal site/11IkVa	4 854 877	4 854 877
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The project has been long outstanding due to the license approval process from the department Agriculture, Environmental Affairs, Land Reform and Rural Development Northern Cape. The municipality cannot operate the landfill site without a license due to the possible fines that can be issued for operating an unlicensed landfill site.

Refurbishment of Kerk and Wiid Streets	492 685	492 685
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Project is funded through EPWP and are being done in phases.

5 347 562	5 347 562
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Reconciliation of work-in-progress 2021

	Included within infrastructure	Total
Opening balance	39 446 108	39 446 108
Additions/capital expenditure	11 402 209	11 402 209
	50 848 317	50 848 317

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11. Property, plant and equipment (continued)

Reconciliation of work-in-progress 2020

	Included within infrastructure	Total
Opening balance	35 043 525	35 043 525
Additions/capital expenditure	13 186 841	13 186 841
Transferred to completed items	(8 784 258)	(8 784 258)
	39 446 108	39 446 108

Expenditure incurred to repair and maintain property, plant and equipment

Consumables	539 008	958 910
Specialists' services	153 988	27 819
Subsistence and travelling	3 168	39 414
	696 164	1 026 143

A register containing the information required by section 63 of the Municipal Finance Management, 2003 (Act No. 56 of 2003) is available for inspection at the registered office of the municipality.

12. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	609 816	(577 149)	32 667	582 817	(556 165)	26 652

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Derecognition	Amortisation	Total
Computer software	26 652	25 324	1 675	(20 984)	32 667

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	53 952	(27 300)	26 652

13. Non-current receivables from exchange transactions

The consumer arrears and provision for impairment have formed part of the municipal accounts prior to the 2016 financial year. The municipality has a schedule to support the balances and customers. The municipality tried to implement debt collection to recover these balances, to no avail. The receivable has been outstanding for more than 3 years and would have been fully impaired in the current financial year. The municipal council has resolved to write these receivables off as no legal avenue is further available to the municipality to recover the debts.

Gross balance	2 974 919	2 974 919
Provision for impairment	(2 271 376)	(2 271 376)
Debt written-off	(703 543)	-
	-	703 543

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14. Other financial liabilities		
At amortised cost		
Development Bank of Southern Africa	2 871 988	2 903 053
The loan is repayable quarterly at R178 663 with an interest charge of 5% per annum. The loan will be fully repaid on 31 December 2024.		
Defaults and breaches		
Included in the closing balance are capital and arrears that amount to R689 315 and R474 478 respectively.		
Non-current liabilities		
At amortised cost	1 515 903	2 135 226
Current liabilities		
At amortised cost	1 356 085	767 827
15. Finance lease obligation		
Minimum lease payments due		
- within one year	608 795	1 028 254
- in second to fifth year inclusive	1 180 863	1 812 461
	1 789 658	2 840 715
less: future finance charges	(135 571)	(348 087)
Present value of minimum lease payments	1 654 087	2 492 628
Present value of minimum lease payments due		
- within one year	590 030	817 192
- in second to fifth year inclusive	1 064 057	1 675 436
	1 654 087	2 492 628
Non-current liabilities	1 064 057	1 675 436
Current liabilities	590 030	817 192
	1 654 087	2 492 628

It is municipality policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the effective interest rate was 10% (2020: 10%).

Interest rates are fixed at the contract date. Certain leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 11.

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16. Payables from exchange transactions		
Trade payables	126 979 731	108 839 528
Payments received in advanced	3 056 497	454 553
Staff underpaid	-	17 287
Rental deposits	-	2 770
Accrued leave pay	2 786 854	2 673 388
Accrued bonus	656 903	652 599
Unallocated deposits received	206 148	149 590
Other payables	3 415 888	(391 921)
Retention fees	1 368 046	1 368 046
	138 470 067	113 765 840

17. Consumer deposits

Water and electricity	709 769	647 657
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18. Employee benefit obligations

Defined benefit plan

The plan is a post-employment medical benefit plan.

Post retirement medical aid plan

The municipality operates a funded post-employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of LA Health, Hosmed, Bonitas and SAMWUMED medical aid schemes.

The municipality is committed to pay 70% of the members post-employment medical aid contributions. All subsidies are subject to a maximum of R5 927 000 for the year ending 30 June 2021. Under the plan, dependants of the former employees are entitled to continued membership of their medical aid scheme upon the death of the primary member. No other post-employment benefits are provided to these employees. As at the end of the financial period, the members of the medical aid entitled to the post-employment medical scheme subsidy were 32 in-service members, 46 in service non-members and 6 pensioners.

The most recent actuarial valuation of the plan assets and the present value of the defined obligations were carried out at 30 June 2021 by ARCH Actuarial Consulting. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the Projected Unit Credit Method.

The amounts recognised in the statement of financial position are as follows:

Carrying value

In-service (employees) members	2 632 000	1 845 000
Continuation (reteeiree and widow) members	2 794 000	2 611 000
In-service (employees) non-members	501 000	447 000
	5 927 000	4 903 000
Non-current liabilities	5 669 000	4 649 000
Current liabilities	258 000	254 000
	5 927 000	4 903 000

The municipality does not have assets set aside for post-employment medical aid funding that qualify as plan assets in terms of the requirements of GRAP 25

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18. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	4 903 000	4 965 590
Expected benefit payments	(24 425)	(55 582)
Actuarial (gains)/losses	382 425	(496 165)
Policy amendments	-	(160 000)
Net expense recognised in the statement of financial performance	666 000	649 157
	5 927 000	4 903 000

Net expense recognised in the statement of financial performance

Current service cost	185 000	203 440
Interest cost	481 000	445 717
	666 000	649 157

Calculation of actuarial gains and losses

Actuarial (gains)/losses	382 425	(496 165)
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Key assumptions used

Assumptions used at the reporting date:

Discount rate	9,91 %	10,09 %
Net-of-health-care-cost-inflation discount rate	2,96 %	6,33 %
Health care cost inflation rate	6,75 %	6,20 %
Maximum subsidy inflation rate	4,69 %	4,28 %

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Decrement assumptions: Mortality [Active members: SA(85-90), Pensioners: PA(90)]

Average retirement age: The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement and early retirement.

Continuation of membership: It has been assumed that 75% of in-service members will remain on the municipality's health care arrangement should they stay until retirement.

Family profile: It has been assumed that husbands will be five years older than their wives. Further, we've assumed that 60% of eligible employees on a health care arrangement at retirement will have an adult dependant. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

Other assumptions - Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends, Discount rate and post retirement mortality will have the following effects:

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18. Employee benefit obligations (continued)

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	739 000	587 000
Effect on defined benefit obligation	6 427 000	5 353 000

Amounts for the current and previous three years are as follows:

	2021	2020	2019	2018
Defined benefit obligation	5 315 000	4 965 591	4 977 297	5 232 485

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pension Funds Act, 1956 (Act No. 56 of 1956) and some are multi-employer exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, are plans which are multi-employer funds and are defined benefit plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans. The municipality accounted for these plans as a defined contribution plans.

COVID - 19 Impact

It is difficult to estimate what impact the pandemic is likely to have on the municipality's liability at this early stage.

There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

The sensitivities in above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity (" +1 yr" in the tables).

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	1 112 337	1 496 228
Finance Management Grant (FMG)	-	1 237
Municipal Systems Infrastructure Grant (MSIG)	2 175	2 175
Integrated National Electricity Programme (INEP)	38	38
	1 114 550	1 499 678

Movement during the year

Balance at the beginning of the year	1 499 678	5 010 415
Additions during the year	50 066 409	34 250 758
Income recognition during the year	(50 451 537)	(37 761 495)
	1 114 550	1 499 678

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19. Unspent conditional grants and receipts (continued)

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 30 for reconciliation of grants from National/Provincial Government.

20. Provisions

Reconciliation of provisions - 2021

	Opening balance	Additions	Total
Environmental rehabilitation	11 664 614	382 641	12 047 255

Reconciliation of provisions - 2020

	Opening balance	Additions	Total
Environmental rehabilitation	8 797 416	2 867 198	11 664 614

Environmental rehabilitation provision

Council operates two disposal sites. In terms of the Environmental Conservation, 1989 (Act No 73 of 1989), the municipality is responsible to perform a rehabilitation of the land upon closure of the landfill site.

Section 24G (1) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) also stipulates that the landfill site be closed with immediate effect if no objection has been made by the municipality, therefore the provision for rehabilitation has been calculated as a current liability at 30 June 2021.

The calculation was based on cost to close and rehabilitate the site within 12 months after 30 June 2021. As the closure date is estimated to be at year end, no discount rates were applied.

There is a new site under development at Hopetown at 30 June 2020, but is still in the process of being licensed and has not been used for disposal to date, therefore its rehabilitation provision will be added in the future, but cannot during this year's assessment due to no obligation to rehabilitate yet.

Summary of assumptions made for valuation purpose:

- Disposal rate at the sites less than 25 tonnes per day based on population statistics.
- Capping design based on DWS comments and/or recently issued closure licences in other municipalities since no closure licences or designs have been issued for the Thembelihle Local Municipality.
- Sufficient quantities of capping material in the proportions as described in section 3.1 of the independent valuation report are available from on-site and nearby sources and the rest are to be imported from commercial sources also as described under section 3.1 of the independent valuation report.
- The sites under consideration will be closed and replaced by the new Hopetown landfill which is in development.
- Clay was replaced by Geosynthetic clay liner in the design estimate due to the unlikely availability of sufficient quality clay from on-site sources.

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21. Third party collections

The liability is due to collections on behalf of the Northern Cape Department of Transport, Safety and Liaison on which the municipality earns a 12% commission. During previous financial periods the balances, 88% of the collections were not paid over to the Northern Cape Department of Transport, Safety and Liaison. The balance payable to the Northern Cape Department of Transport, Safety and Liaison is:

Due to non-payment	1 493 287	744 454
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The service level agreement for the collections on behalf of the Northern Cape Department of Transport, Safety and Liaison came to an end 30 June 2018 when the service was moved to the Post Office. It is only the Strydenburg office 88% that are paid over monthly.

At 30 June 2021 the municipality calculated the outstanding balance to be R1 493 287, while the Northern Cape Department of Transport, Safety and Liaison calculated the outstanding balance to be R1 825 936. Management is of the opinion that the it has the correct outstanding balance and that the possibility that the additional R332 649 will be payable is remote. Management has included this issue as a contingent liability for further investigation - refer to note 48.

22. Long service awards

The municipality offers employees long service awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

Opening balance	1 493 000	1 536 165
Current service cost	157 000	178 660
Interest cost	105 000	114 857
Acturial (gain)/loss	64 000	(74 326)
Employee benefit vesting's	(162 000)	(262 356)
	1 657 000	1 493 000
Current portion	171 000	162 000
Non-current portion	1 486 000	1 331 000
	1 657 000	1 493 000

Key financial assumptions:

Discount rate	9.13%	7.43%
General salary inflation	5.77%	4.01%
Net effective discount rate	3.18%	3.29%

The discount rate used is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability weighted index-linked yield is 3.69%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.

Salary inflation rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement. It is important in that the LSA are based on an employee's salary at the date of the award. The assumption is traditionally split into two components, namely general salary inflation and promotional salary escalation. The latter is considered under demographic assumptions.

General salary inflation: This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The expected inflation assumption of 4.77% was obtained from the differential between market yields on index-linked bonds (3.69%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+9.13\%-0.50\%)/(1+3.69\%))-1$.

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22. Long service awards (continued)

Thus, a general salary inflation rate of 5.77% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.18%. It has been assumed that the next salary increase will take place on 1 July 2022.

Key demographic assumptions:

Average retirement age: 62 years

Mortality during employment: SA 85-90

Withdrawal from service (sample annual rates)

Age	Rate female	Rate male
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

Promotional salary scale: The annual inflation rates below are in addition to the General Salary Inflation assumption of 5.77% per annum for all employees.

Promotional salary scale

Age band	Additional promotional scale
20 – 24	5%
25 – 29	4%
30 – 34	3%
35 – 39	2%
40 – 44	1%
> 45	0%

Pre-retirement mortality: SA85-90 ultimate table, adjusted down for female lives.

Average retirement age: The normal retirement age is 65. It has been assumed that employees will retire at age 62 on average, which implicitly makes an allowance for expected rates of early and ill-health retirement.

Withdrawal from service: If an in-service member leaves, the employer's liability in respect of that member ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

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22. Long service awards (continued)

Sample withdrawal rates

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
>55	0%	0%

The liability at the valuation date was recalculated to show the effect of:

- A 1% increase and decrease in the assumed general salary inflation rate;
- A 1% increase and decrease in the discount rate;
- A two-year decrease and increase in the assumed average retirement age of employees; and
- A 50% decrease in the assumed withdrawal rates from service.

Sensitivity analysis on the unfunded accrued liability (in R millions)

Assumption	Change	Liability	% change
Central assumptions		1.657	
General salary inflation	+1%	1.758	6%
	- 1%	1.565	- 6%
Discount rate	+1%	1.561	- 6%
	- 1%	1.764	6%
Average retirement age	+2 yrs	1.752	6%
	- 2 yrs	1.438	-13%
Withdrawal rates	x 2	1.319	-20%
	x 0.50	1.888	-14%

The table above indicates, for example, that if salary inflation is 1% greater than the long-term assumption made, the liability will be 6% higher than the results shown.

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22. Long service awards (continued)

Sensitivity analysis on current-service and interest costs for year ending 30/06/2021

Assumption	Change	Current-service cost	Interest cost	Total	% change
Central assumptions		157 000	105 000	262 000	
General salary inflation	+1%	169 000	112 000	281 000	7%
	- 1%	145 000	98 000	243 000	- 7%
Discount rate	+1%	146 000	111 000	257 000	- 2%
	- 1%	167 000	97 000	264 000	1%
Average retirement age	+2 yrs	166 000	112 000	278 000	6%
	- 2 yrs	142 000	91 000	233 000	- 11%
Withdrawal rate	x 2	113 000	82 000	195 000	- 26%
	x 0.5	189 000	120 000	309 000	18%

Sensitivity analysis on current-service and interest costs for year ending 30/06/2022

Assumption	Change	Current-service cost	Interest cost	Total	% change
Central assumptions		164 000	144 000	308 000	
General salary inflation	+1%	176 000	153 000	329 000	7%
	-1%	152 000	135 000	287 000	- 7%
Discount Rate	+1%	154 000	150 000	304 000	- 1%
	- 1%	175 000	137 000	312 000	1%
Average retirement age	+2 yrs	173 000	152 000	325 000	6%
	- 2 yrs	146 000	124 000	270 000	- 12%
Withdrawal rate	x 2	120 000	113 000	233 000	- 24%
	x 0.5	195 000	165 000	360 000	17%

Impact of COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the municipality's liability at this early stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

The sensitivities above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

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23. Service charges		
Sale of electricity	11 161 451	10 561 821
Sale of water	4 132 275	3 361 362
Sewerage and sanitation charges	2 776 529	3 012 986
Refuse removal	1 639 652	1 530 393
Discounts on early settlements - all service chargers	(253 357)	-
	19 456 550	18 466 562
Sale of electricity		
Service charges	11 593 485	11 020 836
Less: revenue forgone	(432 034)	(459 015)
	11 161 451	10 561 821
Sale of water		
Service charges	4 578 587	3 754 847
Less: revenue forgone	(446 312)	(393 849)
	4 132 275	3 360 998
Sewerage and sanitation		
Service charges	3 570 428	3 699 192
Less: revenue forgone	(793 899)	(686 206)
	2 776 529	3 012 986
Refuse removal		
Service charges	2 093 536	1 963 545
Less: revenue forgone	(453 884)	(433 152)
	1 639 652	1 530 393
24. Rental of facilities and equipment		
Premises		
Premises	423 522	394 990
Venue hire	5 792	16 573
	429 314	411 563
Facilities and equipment		
Rental of equipment	-	4 057
	429 314	415 620
25. Interest received		
Interest revenue		
Bank	27 000	302 196
Receivables from exchange transactions	4 352 084	1 521 669
	4 379 084	1 823 865

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Figures in Rand	2021	2020
26. Licences and permits		
Licence (exchange)	31 677	79 166
Licence (non-exchange)	-	92 395
	31 677	171 561
27. Commissions received		
Motor registrations	131 254	126 969
Third party deductions	1 346 441	933 554
	1 477 695	1 060 523
28. Other income		
Advertising	5 444	1 760
Building plans	36 564	28 287
Connection fees	-	17 683
Garden and sale of gravel	17 175	8 982
Grave plots	14 990	11 416
Insurance payouts	-	62 808
Photocopies and faxes	334	157
Sewerage obstructions	-	11 503
Sundry repayments	3 591	(3 409)
Tender fees	52 392	14 782
Valuation certificates issued	24 822	9 820
	155 312	163 789
29. Property rates		
Rates received		
Property rates	5 085 999	4 646 672
Less: Income forgone	(192 250)	(244 338)
	4 893 749	4 402 334

Property rates are levied on the value of land and improvements, which valuation is performed every four years. The Department of Cooperative Governance, Human Settlements and Traditional Affairs have approved an extension of the municipality's current general valuation roll with two financial years. The current general valuation roll of the municipality is valid until 30 June 2021.

Interim valuations are processed on a continuous basis taking into account changes in individual property values due to alterations and subdivisions. During the 2020/21 financial period there were no alterations and subdivisions noted.

Rates are levied monthly on property owners and are payable at the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

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29. Property rates (continued)

Valuations

Residential	329 094 100	197 277 600
Commercial	8 721 200	82 063 800
State	14 417 000	80 123 700
Small holdings and farms	2 900 164 900	2 882 138 100
	3 252 397 200	3 241 603 200

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2015. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation was implemented on 01 July 2015.

30. Government grants and subsidies

Operating grants

Equitable share	27 102 000	25 394 539
Finance Management Grant (FMG)	3 001 237	2 880 175
Expanded Public Works Programme (EPWP)	1 000 000	1 000 000
Library Grant	600 000	1 327 252
Local Government Sector Education and Training Authority Grant	-	35 605
Disaster Relief Grant (COVID-19)	3 592 000	60 000
	35 295 237	30 697 571

Capital grants

Municipal Infrastructure Grant (MIG)	13 245 891	7 952 772
Integrated National Electricity Programme (INEP)	-	5 280 000
	13 245 891	13 232 772
	48 541 128	43 930 343

Conditional and unconditional

Included in above are the following grants and subsidies received:

Conditional grants	23 349 537	20 164 654
Unconditional grants	27 102 000	25 430 144
	50 451 537	45 594 798

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as a local municipality.

All registered indigents receive a monthly subsidy of R 140 (2020: R 140), which is funded from the grant.

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30. Government grants and subsidies (continued)

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	1 496 228	2 360 915
Current-year receipts	13 860 000	9 449 000
Conditions met - transferred to revenue	(13 245 891)	(7 952 772)
Roll over not approved, deducted from current year equitable share	(998 000)	(2 360 915)
	1 112 337	1 496 228

The Municipal Infrastructure Grant (MIG) was allocated for the construction of Highmast lights, sewer and water purification infrastructure as part of the upgrading of previously disadvantaged areas.

All current year allocations were fully spent during the year and allocated to revenue under votes.

Library Grant

Balance unspent at beginning of year	-	873 252
Current-year receipts	600 000	454 000
Conditions met - transferred to revenue	(600 000)	(1 327 252)
	-	-

Conditions still to be met - remaining liabilities (see note 19).

The grant was as part of a contribution towards the running of libraries i.e to cover operational costs.

Expanded Public Works Programme (EPWP)

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

Conditions still to be met - remaining liabilities (see note 19).

The grant was received for the purpose of creating job opportunities.

Finance Management Grant (FMG)

Balance unspent at beginning of year	1 237	1 412
Current-year receipts	3 000 000	2 880 000
Conditions met - transferred to revenue	(3 001 237)	(2 880 175)
	-	1 237

The Financial Management Grant is paid by National Treasury to municipalities to assist the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	2 175	2 175
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Conditions still to be met - remaining liabilities (see note 19).

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

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30. Government grants and subsidies (continued)		
Integrated National Electricity Programme (INEP)		
Balance unspent at beginning of year	38	38
Current-year receipts	-	5 280 000
Conditions met - transferred to revenue	-	(5 280 000)
	38	38
Conditions still to be met - remaining liabilities (see note 19).		
The grants was paid to the municipality to promote rural development and upgrade the electricity infrastructure.		
Water Sanitation Infrastructure Grant		
Balance unspent at beginning of year	-	1 772 623
Roll over not approved, deducted from current year equitable share	-	(1 772 623)
	-	-
Disaster Relief Grant (COVID-19)		
Current-year receipts	3 592 000	60 000
Conditions met - transferred to revenue	(3 592 000)	(60 000)
	-	-
31. Public contributions and donations		
Property, plant and equipment	1 939 592	-
Donations are represented by an internal road that was paved by the Nohern Cape Department of Roads and Public Works in terms of the Root-out-of-the-dust programme. The completion date was 31 March 2021.		
32. Fines, penalties and forfeits		
Traffic fines	477 500	406 700
33. Provincial Treasury Grant		
Reconciliation of conditional contributions		
Current-year receipts	1 910 409	1 664 455
Conditions met - transferred to revenue	(1 910 409)	(1 664 455)
	-	-

According to the Public Audit Act the Municipality is only responsible for an audit fee from the offices of the Auditor-General equal to 1% of their total expenditure per annum. The balance of the audit fees are payable by Treasury.

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34. Employee related costs		
Basic	19 852 702	18 389 719
Medical aid - company contributions	1 034 932	1 257 467
UIF	208 704	157 479
SDL	367 477	218 911
Leave pay provision charge	1 244 920	48 422
Defined contribution plans	928 000	782 673
Overtime payments	1 402 022	1 468 253
Long-service awards	58 708	47 937
13th Cheques	1 665 268	1 422 583
Car allowance	288 735	181 311
Housing benefits and allowances	46 938	46 030
Telephone allowances	158 700	424 900
Pension fund contributions	2 971 071	2 818 241
Provident fund contributions	-	44 559
Stipends	191 023	209 750
Senior management remuneration	3 858 763	3 634 315
	34 277 963	31 152 550
Remuneration of Municipal Manager: Jack, MR		
Annual remuneration	929 689	930 577
Car allowance	157 454	157 454
Cell phone allowance	40 950	37 800
Remote allowance	43 486	42 597
Leave payout	78 094	-
Contributions to UIF, medical and pension funds	1 898	1 897
	1 251 571	1 170 325
Remuneration of Chief Finance Officer: Shuping, JR		
Annual remuneration	695 063	696 072
Car Allowance	120 000	120 000
Cell phone allowance	19 500	18 000
Remote allowance	32 603	31 594
Contributions to UIF, medical and pension funds	1 898	1 896
	869 064	867 562
Remuneration of Corporate Services Director: Oliphant, TR		
Annual remuneration	695 063	554 617
Back pay	-	20 386
Car Allowance	120 000	105 000
Acting allowance	-	19 082
Cell phone allowance	19 500	15 000
Remote allowance	32 603	26 385
Contributions to UIF, medical and pension funds	1 898	1 896
	869 064	742 366

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Figures in Rand	2021	2020
34. Employee related costs (continued)		
Remuneration of Technical Services Director: Marufu, A		
Annual remuneration	695 063	806 071
Car allowance	120 000	10 000
Cellphone allowance	19 500	4 501
Remote allowance	32 603	31 594
Contributions to UIF, medical and pension Funds	1 898	1 896
	869 064	854 062
35. Remuneration of councillors		
Councillors	3 054 573	2 578 205
36. Administrative expenditure		
Administration and management fees	24 698	131 496
37. Depreciation and amortisation		
Property, plant and equipment	14 665 419	14 386 175
Intangible assets	20 984	27 300
	14 686 403	14 413 475
38. Finance costs		
Other financial liabilities	179 171	155 720
Trade and other payables	2 264 807	7 944 762
Finance leases	665 188	283 007
Provisions	382 641	2 867 199
	3 491 807	11 250 688
39. Operating lease		
The municipality rents equipment used in bathroom facilities on an operating lease basis. The contract commenced in December 2016 and is renewable on an annual basis. During the 2020 year of assessment, the lease came to an end and was not renewed in 2020:		
<ul style="list-style-type: none">The rent payable on a monthly basis amounts to R4 221, exclusive of VAT.No escalation clauses exists and the contract is renewable after a year.		
Future rent payable:		
Amount payable within a year	-	12 662
	-	12 662

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40. Debt impairment		
Contributions to debt impairment provision	21 557 844	8 461 564
The debt impairment indicated above includes both the impairments on current and non-current debtors.		
The impairment movement is made up as follow:		
Opening balance (current and non-current)	(59 538 677)	(51 052 337)
Provision on current year	(19 082 705)	(8 486 340)
	(78 621 382)	(59 538 677)
41. Bulk purchases		
Electricity	12 663 222	14 549 605
Water	672 878	558 983
	13 336 100	15 108 588
42. General expenses		
Advertising	17 319	150
Bank charges	131 561	120 477
Chemicals	635 523	582 530
Consumables	151 108	74 965
Delivery expenses	-	25 111
Electricity	803 062	755 712
Entertainment	198 840	2 526
Free basic services	470 940	10 800
Fuel and oil	822 321	1 099 411
IT expenses	250 886	424 157
Insurance	846 989	473 794
Motor vehicle expenses	105 438	327 253
Other expenses (contracted services)	72 896	145 502
Postage and courier	54 267	122 991
Printing and stationery	385 163	189 180
Project maintenance costs	372 299	1 004 077
Protective clothing	64 019	85 792
Repairs and maintenance	752 578	1 026 143
Royalties and license fees	-	1 134 539
Special programs	126 480	424 919
Speed law enforcement	-	476 989
Staff welfare	4 587	1 343
Subscriptions and membership fees	500 000	500 000
Subsistence and traveling	1 242 919	1 459 490
Telephone and fax	328 314	187 842
Training	7 020	12 893
	8 344 529	10 668 586
43. Fair value adjustments		
Investment property (fair value model)	67 561	207 346

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44. Cash generated from operations		
Deficit	(26 421 856)	(31 981 269)
Adjustments for:		
Depreciation and amortisation	14 686 403	14 413 475
Gain (loss) on sale of assets and liabilities	37 482	35 719
Fair value adjustments	(67 561)	(207 346)
Debt impairment	-	-
Movements in provisions	382 641	2 867 198
Finance costs	844 359	438 727
Other movement in property, plant and equipment	-	(30 360)
Donations received	(1 939 592)	-
Changes in working capital:		
Inventories	(29 052)	2 184
Receivables from exchange transactions	1 013 279	(49 603)
Consumer debtors	62 111	23 197
Receivables from non-exchange transactions	1 707 405	(279 525)
Pre-payments	17 460	-
Non-current receivables from exchange transaction	703 543	(283 540)
Employee benefits	1 024 000	(62 590)
Payables from exchange transactions	24 704 221	22 092 613
VAT	(1 449 358)	6 256 079
Unspent conditional grants and receipts	(385 128)	(3 510 738)
Other receivables	595 416	-
Third party collections	748 834	113 843
Contributions paid to long service awards	164 000	(43 165)
	16 398 607	9 794 899
45. Auditors' remuneration		
Fees	3 393 039	4 816 204
Fees paid consists of the following:		
External audit fees	3 175 629	4 291 819
Consulting - Internal audit fees	217 410	524 385
	3 393 039	4 816 204
46. Financial instruments disclosure		
Categories of financial instruments		
2021		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	2 508 884	2 508 884
Cash and cash equivalents	(22 010)	(22 010)
	2 486 874	2 486 874

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Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Finance leases obligation	1 654 087	1 654 087
Other financial liabilities	2 871 988	2 871 988
Payables from exchange transactions	135 026 310	135 026 310
Third party collections	1 493 287	1 493 287
	141 045 672	141 045 672

2020

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	3 522 163	3 522 163
Cash and cash equivalents	37 013	37 013
Other receivables receivables from exchange transactions	595 416	595 416
	4 154 592	4 154 592

Financial liabilities

	At amortised cost	Total
Finance lease obligation	2 492 628	2 492 628
Other financial liabilities	2 903 053	2 903 053
Payables from exchange transactions	110 439 858	110 439 858
Third party collections	744 454	744 454
	116 579 993	116 579 993

47. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	18 054 605	12 864 591
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Total capital commitments

Already contracted for but not provided for	18 054 605	12 864 591
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Total commitments

Authorised capital expenditure	18 054 605	12 864 591
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This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, government grants, funds internally generated, etc.

The amounts disclosed above is including VAT.

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48. Contingencies

Contingent liabilities

The municipality has a license for using a landfill site in Hopetown. This landfill site has reached the end of its useful life and having reached its maximum capacity, the area around the landfill site has been used to temporarily accommodate the waste whilst the municipality is seeking an alternate means to address the challenge.

Due to the dumping of waste outside of the boundary of the landfill site, there may be fines and penalties imposed on the municipality as a result of the transgression. The financial impact of the obligation cannot be measured with sufficient reliability at the financial reporting date.

The municipality is currently disputing the amount owed to the Department of Transport, Safety and Liaison. The department issued an acknowledgement of debt to the value of R 1 825 937. The municipality calculated the liability as R 1 493 287. The difference under dispute is disclosed as a contingent liability as there is a possibility that the disputed amount could become due and payable.

Contingent assets

No contingent assets have been identified.

49. Related parties

Relationships

Accounting officer
Senior management

The accounting officer had no interest in contracts
S Marufu - Stepcon Materials Lab and Surveying Services
TR Oliphant - Groman Productions, Dlovu Logistics and Pro Productions

Council

B Mpamba - Thembelihle Bricks (deregistered)
HL Britz - Oranjerivier Sekuriteit (deregistration process) and Hartland Slaghuis Hopetown
J Tallies - Jumba Business Solutions (deregistration process)
C Dolopi - De Vic Trading (deregistration process) and Abaphumeleli Trading 1073 (deregistered)

Related party balances

Accounts included in trade and receivables regarding related parties

Britz, HL	80	219
Dolopi, C	45 822	-
Jack, MR	-	1 906
Marufu, S	-	411
Mpamba, B	70 559	57 342
Naude, PM	-	23 850
Oliphant, TR	-	7 623
Shuping, R	119	412
Swartling, S	218	1 298
Tshangela, B	-	1 152

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49. Related parties (continued)

Related party transactions

Rent received from related parties

Esterhuizen, EE	7 271	706
Gonya, R	7 704	9 636
Graham, LE	-	7 203
Jack, MR	27 891	20 116
Jafta, P	10 384	6 675
Khapa, LB	4 533	-
Links, J	-	460
Marufu, F	20 852	33 645
Molusi, TC	11 259	13 554
Shuping, R	20 852	4 961

Remuneration of management

Councillors

2021

Name	Basic salary	Other short-term employee benefits	Total
Mpamba, B	850 825	44 400	895 225
Britz, HL	324 270	44 400	368 670
Dolopi, V	190 964	25 900	216 864
Guest, C	170 061	29 600	199 661
Jansen, R	343 095	44 400	387 495
Naude, PM	95 374	14 800	110 174
Swartling, B	327 367	44 400	371 767
Tallies, J	327 367	44 400	371 767
Tshangela, B	114 450	18 500	132 950
	2 743 773	310 800	3 054 573

2020

Name	Basic salary	Other short-term employee benefits	Total
Mpamba, B	845 322	44 400	889 722
Britz, HL	305 007	44 400	349 407
Jansen, R	369 048	44 400	413 448
Naude, PM	284 766	44 400	329 166
Swartling, B	327 367	44 400	371 767
Tallies, J	327 367	44 400	371 767
Tshangela, B	327 367	44 400	371 767
	2 786 244	310 800	3 097 044

Senior management

Refer to note 34.

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50. 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

2021

	Note	As previously reported	Correction of error	Restated
Investment property	10	21 075 677	(133 771)	20 941 906
Property, plant and equipment	11	247 600 081	1 519 953	249 120 034
Employee benefit obligations	18	(4 723 000)	74 000	(4 649 000)
Payables from exchange transactions	16	(113 683 044)	(82 800)	(113 765 845)
Accumulates surplus		(169 721 025)	(132 446)	(169 588 577)

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Reclassification	Restated
Depreciation and amortisation	37	15 836 736	(1 423 261)	-	14 413 475
Employee related cost	34	31 312 550	(160 000)	-	31 152 550
Administration	36	145 388	(13 892)	-	131 496
General expenses	42	21 790 736	-	(11 122 151)	10 668 586
Fair value adjustments	43	(208 670)	(1 324)	-	(207 346)
Actuarial gains	18	(420 254)	86 000	-	(334 254)
Auditor's remuneration	-	-	-	4 816 204	4 816 204
Professional and consulting fees	-	-	-	6 305 947	6 305 947

Disclosure notes

2021

	Note	As previously reported	Correction of error	Restated
Commitments - Already contracted for	47	11 774 339	1 090 252	12 864 591
Unauthorised Expenditure	26	37 827 396	7 888 869	45 716 265
Surplus for the year		49 601 735	8 979 121	58 580 856

Errors

A number of accounts were restated in the comparative amounts of the financial statements due to prior period errors. Where applicable, the corrections and/or changes were adjusted retrospectively, unless otherwise stated.

The following prior period errors adjustments occurred:

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50. Prior-year adjustments (continued)

Investment property

During current year verification it was discovered that investment properties totaling R50 000 was previously omitted from the register. These properties were added retrospectively and the necessary adjustments were made.

The effect of the restatement is as follows:

Statement of financial position

Increase (decrease) in Investment property	(133 771)	(133 771)
(Increase) decrease in Accumulated surplus	(132 446)	(132 446)

Statement of financial performance

(Increase) decrease in Fair value adjustment		(1 324)
--	--	---------

Property, plant and equipment

During the preparation of the fixed asset register errors were identified in respect to depreciation charges. In order to correct these errors and ensure correct future charges, the adjustments were made retrospectively.

The effect of the restatement is as follows:

Statement of financial position

Increase (decrease) in Property, plant and equipment	1 437 153	1 437 153
(Increase) decrease in Accumulated surplus	(1 437 153)	-

Statement of financial performance

Increase (decrease) in Depreciation and amortisation		(1 423 261)
Increase (decrease) in Administration		(13 892)

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50. Prior-year adjustments (continued)

Employee benefit obligations

The actuarial valuation for the post employment medical aid obligation for the financial year ended 30 June 2020 was reperformed due to mistakes identified. The adjustment was made retrospectively.

The effect of the restatement is as follows:

Statement of financial position

(Increase) decrease in Employee benefit obligations

74 000

74 000

(Increase) decrease in Accumulated surplus

(74 000)

-

Statement of financial performance

Increase (decrease) in Employee related cost

(160 000)

(Increase) decrease in Actuarial gains

86 000

Property, plant and equipment (work-in-progress)

During the preparation of the current year WIP register, items were identified that were omitted from the previous year's register. The adjustment was made retrospectively.

The effect of the restatement is as follows:

Statement of financial position

Increase (decrease) in Property, plant and equipment

82 800

82 800

(Increase) decrease in Payables from exchange transactions

(82 800)

(82 800)

Commitments

During the current year, management embarked on a process whereby they corrected the commitment register to ensure the completeness and accuracy thereof.

The effect of the restatement is as follows:

Notes to the annual financial statements

Increase (decrease) in Commitments

1 090 252

Unauthorised Expenditure

7 888 869

Reclassifications

Certain material general expenses were reclassified from the notes to the face of the Statement of financial performance to ensure compliance with GRAP 1.

The effect of the reclassification is as follows:

Statement of financial performance

Increase (decrease) in Auditor's remuneration

4 816 204

Increase (decrease) in Professional and consulting fees

6 305 947

Increase (decrease) in General expenses

(11 122 151)

51. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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51. Risk management (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the council and the finance committee which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risks by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The municipality also gets funding from National and Provincial government which helps to ease the pressure of any liquidity crisis.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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 past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the policy. Trade Receivables are presented net of an allowance for impairment.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Receivables from exchange transactions	2 508 884	3 522 163
Other receivables from exchange transactions	-	595 416

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2021 and 2020, the municipality's borrowings at variable rate were denominated in the Rand.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	- %	2 508 884	-	-	-	-
Cash in current banking institutions	- %	(22 010)	-	-	-	-
Trade and other payables	- %	138 470 067	-	-	-	-
Extended credit terms Loan from DBSA	- %	1 356 085	1 515 903	-	-	-
Finance leases	- %	590 030	1 064 057	-	-	-
Third party collections	- %	1 493 287	-	-	-	-

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Figures in Rand	2021	2020
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52. Principal - agent arrangements

Agent in arrangement

Thembelihle Local Municipality is the Agent in the Principal-Agent arrangement with various personal insurance companies, unions and legal firms. The municipality deduct specified amounts from the salaries of municipal employees on behalf of the principals in exchange for commission of 2.5% and 5%. No significant judgements are applied in determining that the municipality was the agent in the arrangement. There has been no significant changes in terms and conditions of the arrangements during the reporting period. There are no significant risks and benefits associated with the principal agent arrangements.

Thembelihle Local Municipality is the Agent in the Principal-Agent arrangement with Department of Transport, Safety and Liaison. The municipality is responsible for the issuing of vehicle and drivers' licences on behalf of the Department of Transport, Safety and Liaison in exchange for commission of 12%. No significant judgements are applied in determining that the municipality was the agent in the arrangement. The responsibility of issuing vehicle licences was removed from the municipality effective 01 September 2018 significantly reducing the commission received during the reporting period.

Compensation received for agency activities:

Commission (payroll deductions)	1 346 441	933 554
Commission (Transport, Safety and Liaison)	131 254	126 969
	1 477 695	1 060 523

Thembelihle Local Municipality was paid 2.5% and 5% commission by various personal insurance companies, unions and legal firms for acting as an agent on its behalf during the financial year.

Thembelihle Local Municipality was paid 12% commission by the Departments of Transport, Safety and Liaison for acting as an agent on its behalf during the financial year.

Resources under custodianship of agent

There are no resources of the principal under the custodianship of Thembelihle Local Municipality, nor have that been recognised as such.

53. Unauthorised expenditure

Opening balance	167 838 007	122 121 742
Add: unauthorised - current year	10 625 564	45 716 265
	178 463 571	167 838 007

54. Fruitless and wasteful expenditure

Opening balance	37 729 698	30 000 065
Add: fruitless and wasteful expenditure - current year	-	7 729 633
	37 729 698	37 729 698

Interest charges on overdue accounts: The municipality was charged for interest on outstanding accounts. A register containing the information required by the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Eskom	-	7 154 420
Auditor-General of South Africa	-	280 518
Other	-	294 695
	-	7 729 633

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Figures in Rand	2021	2020
55. Irregular expenditure		
Opening balance	152 201 005	127 885 446
Add: irregular expenditure - current year	3 478 520	7 168 191
Add: irregular expenditure - relating to prior year	544 442	5 798 038
Add: irregular expenditure - relating to prior year	-	11 349 330
	156 223 967	152 201 005
Details of the irregular expenditure reported in the current/prior year includes the following:		
Irregular expenditure identified during the year		
Goods and services procured from suppliers not registered on the CSD	23 024	65 415
Goods and services procured from officials in the service of the state	-	6 709
Good and services above 200 000 were obtained without going through procurement processes	3 371 390	6 975 702
Good and services above 30 000 were obtained without going through procurement processes	52 858	120 365
Non-tax complaint status	31 249	-
	3 478 521	7 168 191
Irregular expenditure - relating to prior year		
Good and services above 30 000 were obtained without going through procurement processes	31 490	664 631
Good and services above 200 000 were obtained without going through procurement processes	474 030	1 060 988
Goods and services procured from suppliers not registered on the CSD	38 922	31 022
Goods and services procured from officials in the service of the state	-	43 795
	544 442	1 800 436
56. Deviations		
Emergency	1 238 934	1 228 634
Less than 3 quotes	335 740	-
Single supplier	28 288	-
Exceptional case	738 934	-
	2 341 896	1 228 634
57. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Opening balance	3 567 353	2 114 880
Current year subscription / fee	3 144 897	3 675 197
Amount paid - current year	(2 199 627)	(2 222 724)
Closing balance	4 512 623	3 567 353
PAYE and UIF		
Opening balance	(193)	(193)
Current year subscription / fee	5 027 070	4 565 038
Amount paid - current year	(3 750 450)	(4 565 038)
Closing balance	1 276 427	(193)

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57. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and medical aid deductions

Opening balance	(25 150)	(25 150)
Current year subscription / fee	6 999 821	6 659 076
Amount paid - current year	(5 268 457)	(6 659 076)
Closing balance	1 706 214	(25 150)

VAT

VAT receivable	4 631 699	3 182 341
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VAT output payables and VAT input receivables are shown in note 7.

58. Distribution losses

Distribution losses - water

Water units available for sale (kl)	2 051 624	1 724 478
Water units sold (kl)	(552 999)	(551 813)
Own consumption (kl)	(1 631)	(1 752)
Water units lost (kl)	1 496 994	1 170 913
Average cost per unit (R)	8,82	8,37
Total loss in Rand value	13 205 143	9 800 542

Distribution losses relates to unaccounted water distributed. The foregoing costs, which represents 73% (2020: 65%) of the water purchases for the year, has been included in bulk purchases. The average cost per unit was R 8.82 (2020: R 8.37). The level of the distribution losses are not within the acceptable norms.

Distribution losses - electricity

Electricity units bought (kWh)	8 279 044	9 444 332
Electricity units sold (kWh)	(4 102 911)	(6 519 658)
Own consumption (kWh)	(107 877)	(55 642)
Electricity units lost (kWh)	4 068 256	2 869 032
Average cost per unit (R)	2,43	2,63
Total loss in Rand value	9 895 780	7 545 553

Distribution losses relates to unaccounted electricity distributions. This cost mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. The foregoing costs, which represented 49% (2020: 30%) of the electricity purchases for the year, has been included in bulk purchases. The highest rate was R2.43 (2020: R2.63). The level of the distribution losses are not within the acceptable norms.

59. Utilisation of long-term liabilities reconciliation

Long-term liabilities raised	2 871 988	2 903 053
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Long-term liabilities have been utilized in accordance with the MFMA. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

60. Budget differences

Material differences between budget and actual amounts

Statement of financial performance

1. Property rates: Municipality expected to dispose of land which would have increased the collection of property rates. However, the disposal was not implemented but it is expected to take place in 2020/21.

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60. Budget differences (continued)

2. Service charges: The municipality could not fully implement the credit control policy during the Covid-19 lockdown period.
3. Investment revenue: Due to non-payment by consumer debtors, the interest levied on outstanding accounts increased with more than what was anticipated.
4. Other own revenue: The difficult economic times experienced in the 2020/21 financial year had a negative effect on the other revenue generated due to spending of consumers decreasing.
5. Employee costs: Due to increase in leave and bonus provisions and due to employee benefit obligation.
6. Debt impairment: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors.
7. Depreciation and asset impairment: This is due to omissions that is included in the current financial year.
8. Finance charges: When the municipality signed the agreement with Eskom, the interest was suspended. Due to cashflow constraints, the municipality could not held its end of the agreement and therefore the interest was reversed.
9. Transfers and grants: The budgeted amount was never used.
10. Public contribution and donations: This amount is represented by donation (property, plant and equipment) from a department - this was however not budgeted for.

Statement of financial position

11. Cash and cash equivalents: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors and a decrease in cash balances.
12. Call investment deposits: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors and a decrease in cash balances.
13. Consumer deposits: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors - these debtors were provided for at yearend, which can be seen in the debt impairment.
14. Other debtors: Due to increase in VAT balance as a result of the increase in the trade payables outstanding on yearend.
15. Inventory: More stock was purchased which are still located at the stores.
16. Investments: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors and a decrease in cash balances.
17. Investment property: The actual exceeded the budgeted figure due to the current register being completed and accurate.
18. Property, plant and equipment: Due to the depreciation charge exceeding the expected.
19. Intangible assets: Additions were budgeted for that never materialised.
20. Borrowings: No new borrowings were entered into during the financial year. The balance is represented by the DBSA loan, which is being repaid.
21. Consumer deposits: Not budgeted for.
22. Trade and other payables: Due to cash flow constraints in the current and previous financial years, the municipality has not been able to settle its outstanding debts within the legislation deadline.
23. Provision: The current year increase was less than anticipated.

Cash flow statement

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60. Budget differences (continued)

24. Ratepayers and other: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors.
25. Government - capital: INEP and WSIG grants not received in the current financial year.
26. Interest: Due to a decrease in cash balances.
27. Finance charges: No direct interest was paid.
28. Transfers and grants: No transfer and grants were paid out during the year.
29. Net increase/(decrease) in cash held: Due to the Covid-19 pandemic, credit control and debt collection policies were not implemented resulting in an increase of outstanding consumer debtors and a decrease in cash balances.

61. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Office of the financial management
Segment 2	Community and social services
Segment 3	Office technical service
Segment 4	Office of corporate services
Segment 5	Planning and development
Segment 6	Directorate of mayor and council
Segment 7	Directorate of the municipal manager

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61. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Office of the financial management	Community and social services	Office technical service	Office of corporate services	Planning and development	Directorate of mayor and council	Directorate of the municipal manager	Total
Revenue								
Service Charges	(13 807 868)	-	(6 512 416)	863 734	-	-	-	(19 456 550)
Rental income	(429 314)	-	-	-	-	-	-	(429 314)
Interest income	(1 186 706)	-	(3 165 378)	-	-	-	-	(4 352 084)
Licence and permits	(31 677)	-	-	-	-	-	-	(31 677)
Commission income	(1 191 970)	-	-	(285 726)	-	-	-	(1 477 696)
Other income	(90 939)	-	-	(64 372)	-	-	-	(155 311)
Interest recieved - investments	(27 000)	-	-	-	-	-	-	(27 000)
Property rates	(5 048 203)	-	-	-	-	154 454	-	(4 893 749)
Government Grants	(3 001 238)	(4 192 000)	(2 091 780)	1 093 780	(14 245 891)	(26 104 000)	-	(48 541 129)
Public contributions and donations	(1 939 592)	-	-	-	-	-	-	(1 939 592)
Fines, penalties and forfeits	(477 500)	-	-	-	-	-	-	(477 500)
Provincial treasury grant	(1 910 409)	-	-	-	-	-	-	(1 910 409)
Gain/(loss) on disposal of assets and liabilities	37 482	-	-	-	-	-	-	37 482
Fair value adjustments	(67 561)	-	-	-	-	-	-	(67 561)
Acturial gains and losses	354 144	-	-	-	-	-	-	354 144
Total segment revenue	(28 818 351)	(4 192 000)	(11 769 574)	1 607 416	(14 245 891)	(25 949 546)	-	(83 367 946)
Entity's revenue								(83 367 946)

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	Office of the financial management	Community and social services	Office technical service	Office of corporate services	Planning and development	Directorate of mayor and council	Directorate of the municipal manager	Total
61. Segment information (continued)								
Expenditure								
Employee related cost	6 849 271	2 000 498	12 930 155	6 633 935	3 373 218	432 684	2 058 201	34 277 962
Remuneration of councilors	-	-	-	-	-	3 054 573	-	3 054 573
Administration	11 873	-	-	-	12 825	-	-	24 698
Depreciation and amortisation	837 800	-	21 894	352 897	13 473 812	-	-	14 686 403
Finance cost	3 109 166	-	-	382 641	-	-	-	3 491 807
Lease rentals on operating lease	27 860	-	-	-	-	-	-	27 860
Bad debt impairment movement	21 553 987	-	-	3 857	-	-	-	21 557 844
Accounting and auditing	3 393 039	-	-	-	-	-	-	3 393 039
Bulk purchases	-	-	13 336 100	-	-	-	-	13 336 100
Professional and consulting fees	4 137 333	-	-	3 457 652	-	-	-	7 594 985
General expenses	1 433 961	274 069	2 487 462	658 255	1 169 913	1 860 791	460 077	8 344 528
Total segment expenditure	41 354 290	2 274 567	28 775 611	11 489 237	18 029 768	5 348 048	2 518 278	109 789 799
Total segmental surplus/(deficit)								(193 157 745)
Assets								
Inventory	68 744	-	-	-	-	-	-	68 744
Receivables from exchange transactions	1 604 361	-	829 926	74 597	-	-	-	2 508 884
Statutory receivables from non-exchange transactions	613 679	-	-	-	-	-	-	613 679
VAT statutory receivable	4 631 699	-	-	-	-	-	-	4 631 699
Cash and cash equivalents	73 024 912	(73 244 523)	-	-	-	(12 000)	-	(231 611)
Investment Property	20 995 599	-	-	-	-	-	-	20 995 599
Property, plant and equipment	236 275 588	737 066	144 964	52 108	11 301 045	-	-	248 510 771
Intangible assets	32 666	-	-	-	-	-	-	32 666
Total segment assets	337 247 248	(72 507 457)	974 890	126 705	11 301 045	(12 000)	-	277 130 431
Total assets as per Statement of financial Position								277 130 431

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Figures in Rand

	Office of the financial management	Community and social services	Office technical service	Office of corporate services	Planning and development	Directorate of mayor and council	Directorate of the municipal manager	Total
61. Segment information (continued)								
Liabilities								
Other financial liabilities	(2 871 988)	-	-	-	-	-	-	(2 871 988)
Finance lease obligation	(1 654 087)	-	-	-	-	-	-	(1 654 087)
Payables from exchange transaction	(140 042 693)	1 572 626	-	-	-	-	-	(138 470 067)
Consumer deposits	(709 769)	-	-	-	-	-	-	(709 769)
Employee benefit obligation	(723 001)	(481 000)	-	-	(4 722 999)	-	-	(5 927 000)
Unspent grants	(1 114 549)	-	-	-	-	-	-	(1 114 549)
Provisions	(12 047 255)	-	-	-	-	-	-	(12 047 255)
Third party collections	(1 493 287)	-	-	-	-	-	-	(1 493 287)
Long service awards	(214 000)	(112 000)	-	-	(1 331 000)	-	-	(1 657 000)
Total segment liabilities	(160 870 629)	979 626	-	-	(6 053 999)	-	-	(165 945 002)
Total liabilities as per Statement of financial Position								(165 945 002)

62. Events after the reporting date

No events occurred after the reporting date.

63. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 111 185 457 and that the municipality's total assets exceed its liabilities by R 111 185 457. In the current financial year, the municipality had an operating deficit of R30 551 205.

The 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.

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63. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. The municipality currently relies on grants received from National and Provincial government.

The following matters have been considered relating to the going concern:

- Council approved the budget for the 2020/2021 to 2021/2022 budget. This three year Medium Term Revenue and Expenditure Framework (MTREF), which supports the ongoing delivery of municipal services to residents reflected that the budget, was backed over the three year period.
- The municipality's budget is subjected to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by council.
- As the municipality has power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services.
- A strategy has been developed to improve debt collections on outstanding accounts. The policy will be strictly applied by handing over outstanding accounts, cutting off of services such as electricity and restricting water flows. The municipality will also be implementing a blacklisting strategy where long outstanding debtors will be blacklisted. Distribution losses are also being inspected on a monthly bases for electricity and water, procedures to be implemented by management to improve The percentage loss month on month and finding alternatives.
- The current ratio, also referred to as the operating capital ratio in municipalities, is a financial ratio that measures whether or not the institution has enough resources to pay its debts within the next 12 months. The current ratio is thus an indication of an institution's ability to meet short-term obligations. Acceptable current ratios vary from industry to industry. Swanevelder (1991: 193) determined the current ratios of municipalities to be 1.98 : 1. If a municipality's current assets are in this range, then it is generally considered to have good short-term financial strength. If current liabilities exceed current assets (and the current ratio is below), then the institution may have problems meeting its short-term obligations. If the current ratio is too high, the institution may not be efficiently utilising its current assets (Swanevelder 2005: 73). The calculated ratio of the municipality is 0.05 : 1, which is below the acceptable range.
- The acid-test or quick ratio: Swanevelder (1991: 193) determined an acid test ratio of 1.06 : 1 and 2.82 : 1 for a sample group of municipalities in 1991. The fact that the keeping of inventory is not part of a municipality's major activities is noticeable in this relatively high ratio. The calculated ratio of the municipality is 0.05 : 1, which is below the acceptable range.
- The solvency ratio: The solvency of a municipality is best expressed by the debt ratio (Scott 2001: 148). This ratio compares the total assets with total liabilities, and it shows the ability of an authority to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. An acceptable ratio is 1 : 1. The calculated ratio of the municipality is 1.63 : 1, which is above the acceptable range.
- All creditors are not paid within the required 30 days.
- The impact on the going concern in respect of COVID-19 is disclosed in the below note 54 Events after the reporting date.

SECTION 10: SUMMARY OF DETAILED AUDIT FINDINGS

		Classification					Rating				
[Merge Header row with rest of Table]											
Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 01 :ISS.02 Non-compliance: Internal audit Quarterly reports			✓				✓		Year-2	Not addressed
	COMAF 01: ISS.06 Risk Assessment process				✓			✓		Year-1	In progress
	COMAF 05: ISS.11 Adjustment budgets were not made available to the public.			✓			✓			Year-2	Not addressed
	COMAF 02: ISS.16 Internal control deficiencies on competency assessments				✓				✓	Year-2	Not addressed
	PARTIALLY RESOLVED: COMAF 04: ISS.27: High Level review of 2020/2021 Annual Financial Statements	✓						✓		Year-1	Not addressed
	PARTIALLY RESOLVED: COMAF 06: ISS.28: Differences between AFS, TB, GL and other supporting schedules	✓						✓		Year-1	Not addressed
	COMAF 05: ISS. 29 No reports submitted to the council on budget implementation			✓				✓			Not addressed
	COMAF 05: ISS.32: Journals-Review and approval was not done the relevant authority				✓			✓		Year-1	Not addressed
	[COMAF 05] ISS36:Job evaluation not submitted				✓				✓		Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 07: ISS.40: Annual Report is not submitted			✓				✓		All three previous years	Not addressed
	COMAF 10: ISS.44: Minutes were not submitted				✓				✓		Not addressed
	COMAF 09: ISS.49: Long service awards: Difference in the number of employees used for calculation	✓					✓			Year-1	Not addressed
	COMAF 19: ISS.66: Fruitless and wasteful expenditure was overstated	✓						✓			Not addressed
	COMAF 10: ISS.71: Employee benefits: No support for the basis or assumption for inclusion of the in service non members	✓					✓			Year-1	Not addressed
	COMAF 10: ISS.74: Expenditure: Travel and Subsistence - Cut-Off	✓						✓		Year-1	Not addressed
	COMAF 12: ISS.80: Payment received in advance- Difference in amount per schedule- and amount disclosed per AFS	✓					✓			Year-1	Not addressed
	ISS.144: Segment Reporting: Incomplete disclosure note			✓			✓				Not addressed
	ISS.145: Journals and supporting information not submitted	✓					✓			Year-1	Not addressed
Cash and cash equivalents											
	COMAF 12: ISS.77: Inconsistencies on bank reconciliation dates	✓					✓			Year- 1	Not addressed
	ISS.135: Differences in cash and cash equivalents	✓					✓			Year-1	Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
Commitments											
	[PARTIALLY RESOLVED]COMAF 15: ISS.94: Commitments amount misstated	✓						✓		Year-3	Not addressed
Employee costs											
	COMAF 03: ISS. 10:No process to ensure that skills are transferred				✓				✓		Not addressed
	COMAF 03: Iss.14 :Responsibilities of the accounting officer are not indicated in the performance agreement			✓				✓			Not addressed
	COMAF 03: Iss.15 :No evaluation panel for the municipal manager and senior managers			✓				✓			Not addressed
	COMAF 08: ISS.45 Differences between the schedules and the AFS	✓					✓			Year-1	Not addressed
	ISS.114: Basic salaries - Limitation	✓					✓			Year-1	Not addressed
	ISS.127: Incorrect determination of the councillors remuneration			✓				✓		Year-1	Not addressed
General IT controls											
	COMAF 01 :ISS.04 IT: Internal control deficiencies				✓			✓		All three previous years	Not addressed
Heading 1											
	COMAF 01 :ISS.01 Budget not allocated to IDP strategic objectives-Recurring finding				✓				✓	Year-2	Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 01 :ISS.03 Audit Action plan-slow progress of implementation of corrective measures			✓			✓			Year-2	In progress
	COMAF 01 : ISS.05 Non-compliance - AFS and APR not submitted by 31 August 2021			✓			✓			All three previous years	Not addressed
	COMAF 02 : ISS.08 : Consequence management : No Investigations done on UIFW			✓			✓			All three previous years	Not addressed
	PARTIALLY RESOLVED: COMAF 04: ISS. 09: Control Deficiency: Completeness of policies				✓				✓		Not addressed
	COMAF 02 : ISS.25 : Consequence management business process - No progress on action plan			✓				✓		All three previous years	Not addressed
	COMAF 08: ISS.46: Understatement of expenditure and creditors	✓						✓			Not addressed
	COMAF 15: ISS.96 :Current year unauthorised expenditure calculated incorrectly	✓					✓				Not addressed
	COMAF 20: ISS.118: Irregular expenditure : Opening balances misstatements and limitation	✓					✓				Not addressed
Investment property											
Leases											
	Iss.132: Finance lease obligation: Current portion of Finance lease obligation have been understated	✓						✓			Not addressed
Movable assets											

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 08: ISS.47: Control deficiencies over assets management(Value Add)				✓				✓		Not addressed
Operating expenditure											
	COMAF 06: ISS.34: Irregular Expenditure: Contract not reviewed	✓					✓				Not addressed
	COMAF 05: ISS.35: Payments to suppliers not made within 30 days			✓				✓		All three previous years	Not addressed
	COMAF 08: Iss.43: Internal control deficiency within the process of recording expenditure on finance cost				✓			✓			Not addressed
	COMAF 11: ISS.57: General Expenditure: Internal control deficiencies				✓			✓		Year-1	Not addressed
	COMAF 13: ISS 62: Expenditure: Insurance claim received included under expenditure.	✓						✓		Year-1	Not addressed
	COMAF 10: ISS.65: Expenditure: Subsistence and Travel- Classification	✓						✓		Year-1	Not addressed
	COMAF 13: ISS 67: Expenditure - Transaction reversed and not re-captured in the General Ledger	✓						✓		Year-1	Not addressed
	COMAF 10: ISS.72: Expenditure: Travel and Subsistence - Occurrence	✓						✓		Year-1	Not addressed
	Partially Resolved: COMAF 13: ISS 76: Expenditure: Subsistence and Travel - Accuracy	✓						✓		Year-1	Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 14: ISS 78: Expenditure: Finance Costs - Classification	✓					✓			Year-1	Not addressed
	ISS 103: Expenditure - Auditors Remuneration: Auditor unable to perform procedures	✓						✓		Year-1	Not addressed
	COMAF 15: ISS 104: Expenditure - Finance Costs: Accuracy could not be confirmed	✓					✓			Year-1	Not addressed
	COMAF 15: ISS 105: Expenditure: Finance costs Occurrence- Accrual basis of accounting not applied	✓					✓			Year-1	Not addressed
	COMAF 17: ISS 120: Expenditure remaining population	✓					✓			Year-1	Not addressed
	COMAF 17: ISS 121: Expenditure: Professional and Consulting fees - auditor unable to perform procedures	✓					✓			Year-1	Not addressed
	ISS 122: Expenditure: Repairs and maintenance - Auditor unable to perform procedures	✓						✓		Year-1	Not addressed
Payable											
	COMAF 06: ISS.38: Differences between the Creditors Schedule and the amount disclosed in the Annual Financial Statements	✓					✓			Year- 2	Not addressed
	COMAF 12: ISS.79: Limitation: Retention fees and Other payables	✓					✓			Year- 2	Not addressed
	ISS.136:Payables from exchange transactions: Accrued Bonus - Overstatement	✓						✓			Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
Predetermined objectives											
	COMAF 02 :ISS.17 : AoPO - Limitation of scope : Supporting documentation not submitted		✓				✓				Not addressed
	COMAF 02 :ISS.22 : AoPO : Performance not accurately reported on in the Mid-year report		✓				✓				Not addressed
	COMAF 02 :ISS.23 : AoPO : APR not submitted		✓				✓			All three previous years	Not addressed
	COMAF 13: ISS.31 : AoPO : Indicators in the SDBIP and APR are not consistent (Value Add)		✓				✓				Not addressed
Procurement and Contract Management (to confirm for removal)											
	COMAF 08: ISS.20 : Contract Management		✓					✓			[In progress / Not addressed]
	COMAF 04: ISS.26: SCM Policy states that 2 quotations should be obtained			✓					✓		[In progress / Not addressed]
	PARTIALLY RESOLVED: COMAF 14: ISS.30: Irregular expenditure: Three quotations not obtained			✓			✓				[In progress / Not addressed]
	PARTIALLY RESOLVED: COMAF 14: ISS.39: Irregular Expenditure: Reasons for deviating were not recorded and approved by the CFO or an official designated by the CFO	✓					✓			Year-2	Not addressed
	COMAF 10: ISS.52: Non-compliance with regulation 36(1)-Reason for deviation from competitive bidding process			✓			✓			Year-2	Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	PARTIALLY RESOLVED: COMAF 11: ISS.56: Non-Compliance-Bid specifications were drafted in a biased manner			✓			✓				Not addressed
	COMAF 14: ISS.63: Non-Compliance: Possible cover quoting were evident			✓					✓		Not addressed
	COMAF 11: ISS.70: Advertisement of bidding open for less than required period			✓			✓				Not addressed
	PARTIALLY RESOLVED: COMAF 14: ISS.73: Irregular expenditure: The reasons to deviate does not appears reasonable/ justified on the basis that it was impossible/ impractical to obtain 3 written quotations.			✓			✓				Not addressed
	Partially resolved: COMAF 15: ISS.82: Non-Compliance: No declaration of interest attached/declaration not complete			✓				✓		Year-1	Not addressed
	COMAF 19: ISS.83: Suppliers not registered as prospective suppliers			✓			✓				Not addressed
	COMAF 15: ISS.84: Non-Compliance: Director in service of state for the previous twelve month			✓				✓			Not addressed
	ISS.86: Non-Compliance: Total payments made exceed the quoted amount			✓				✓			Not addressed
	ISS.88: Limitation of scope: No quotation in place of relevant quotation attached for the auditor to determine if the total payments do not exceed the quoted amount.			✓				✓			Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	ISS 89: Service provider declared to have interest in state	✓						✓			Not addressed
	COMAF 16: ISS.90: Non-Compliance: Winning contractor not registered with CIDB and required grading			✓			✓				Not addressed
	COMAF 16: ISS.91: Non-Compliance: winning contractor grading not suitable for the value of project			✓			✓				Not addressed
	COMAF 16: ISS.92: Non-compliance-Contract awarded to contractor with grading lower than required by more than 15%			✓			✓				Not addressed
	COMAF 18: ISS.93: Procurement process not followed for the continued need of service of the contract ending within the next 6 month				✓				✓		Not addressed
	COMAF 16: ISS.98: Control deficiency: no notification to inform DTI of the successful bidder and value of award				✓				✓		Not addressed
	COMAF 16: ISS.99: Control deficiency: Incorrect calculation of local content				✓				✓		Not addressed
	PARTIALLY RESOLVED: COMAF 16: ISS.100: Non-Compliance: Points awarded to prospective suppliers with no evidence attached of B-BBEE status level contributor			✓				✓			Not addressed
	COMAF 16: ISS.101: Irregular expenditure: Contract not awarded to the supplier with highest score			✓			✓				Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 19: ISS 106: Objective criteria used to justify that reasonable grounds exist of not selecting the tender with the highest point			✓			✓				Not addressed
	COMAF 18: ISS.111: Performance of contract not monitored on a monthly basis			✓			✓				Not addressed
	COMAF 17: ISS.112: Contract performance measures not in place to ensure effective contract management			✓			✓				Not addressed
	COMAF 19: ISS.113: Actual amounts on reported on comparable basis does not reconcile to the actual cash flow. GRAP 24.50	✓					✓				Not addressed
	COMAF 18: ISS.119: Total payments made up to date exceed the original contract			✓				✓			Not addressed
	COMAF 18: ISS.126: Deviations: Compliance & Accuracy:-Deviation not disclosed accurately	✓		✓				✓			Not addressed
	COMAF 17: ISS.128: No evidence that the goods/service completed during the year were actually received and utilised			✓				✓			Not addressed
	COMAF 17: ISS.129: Contract not signed by both the successful bidder and a delegated official			✓				✓			Not addressed
	COMAF 17: ISS.130: Control Deficiency:-Measures to monitor contract performance and delivery not defined and implemented				✓				✓		Not addressed
Provisions											

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMMAF ISS.41 Lack of management review of the experts reports			✓				✓			Not addressed
	COMAF 09: ISS.51: Employee benefits: Differences in number of in service members	✓					✓				Not addressed
	ISS 142: Provisions Landfill sites: Prior year follow up issue 130: Limitation on Provision of Landfill sites and the data affecting the landfill sites not considered	✓					✓			Year-1	Not addressed
Receivables											
	COMAF 19: ISS.81: Statutory receivables from non-exchange transaction: Traffic fine write off not supported by sufficient, appropriate evidence	✓					✓			Year-2	Not addressed
	COMAF 17: ISS.115: Irregular expenditure: Overstatement of irregular expenditure	✓					✓				Not addressed
	ISS.141: Receivables from exchange: Support not provided for indigent exceptions	✓						✓			Not addressed
Revenue											
	COMAF 09: ISS.07: Differences between amount charged and tariff policy				✓				✓		Not addressed
	ISS.102: Unspent Grant : Unspent Grants are not cash backed			✓				✓			Not addressed
	COMAF 18: ISS.107: Revenue (sale of metered electricity) - meter readings for electricity consumption not conducted.	✓					✓				Not addressed

Page no.	Finding	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters	Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	COMAF 17: ISS.116: Revenue (sale of metered water) - meter readings for water consumption not conducted.	✓					✓				Not addressed
	ISS.117: Revenue (sale of metered water) - differences identified between amount billed (in Rands) and auditor's re-calculated amount.	✓					✓				Not addressed
	COMAF 19: ISS.125: Revenue from exchange-Information not submitted	✓						✓			Not addressed
	ISS.138-Revenue : Commission is not accurately disclosed	✓					✓				Not addressed

DETAILED AUDIT FINDINGS: ANNEXURES A TO C

DETAILED AUDIT FINDING

1. COMAF 01 :ISS.02 Non-compliance: Internal audit Quarterly reports

Audit Finding

Requirements

Section 62. (1) (c) of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems

- (I) of financial and risk management and internal control; and
- (ii) Of internal audit operating in accordance with any prescribed norms and standards

Section 165(2) (b) of the Municipal Finance Management Act states that:

The internal audit unit of a municipality or municipal entity must advise the accounting officer and report to the audit committee on the financial year; 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.

Nature

During obtaining an understanding of the entity and its operations it was noted that only one quarterly internal audit report was submitted and reported to audit committee

Cause

Management failed to maintains effective, efficient and transparent systems of financial and risk management and internal control

Impact

This will result in non-compliance with applicable laws and regulations, Section 62 and 165 of the Municipal Finance Management Act. The non-compliance finding will be evaluated further and reported in management report of the municipality.

Internal control deficiency

Leadership

Management did not develop and monitor the implementation of action plans to address internal control deficiencies.



Recommendation

The internal audit function should ensure that it submits its reports on a quarterly basis while carrying its audit plan as stipulated in its Annual Plan and ensure that all the focus/ risky areas of concerns of the municipality are reviewed and work is performed on them.

Management response

Management response

Management agrees.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 17 September 2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management agrees with the finding therefore finding remains and will be evaluated further for reporting in the management and audit report of the municipality.

2. COMAF 01: ISS.06 Risk Assessment process

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature



The municipality does not have the risk assessment process in place to ensure that risk affecting the municipality are identified and responded to.

Cause

This is due to lack for management oversight and noncompliance with the applicable legislation.

Impact

This will result in control deficiency and noncompliance with the applicable legislation which may be reported in both management and auditors report.

Internal control deficiency

Internal control deficiency

Leadership

Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.

Recommendation

Recommendation

The management should develop and implement risk assessment process to ensure that the risks affecting the Municipality are identifies in a timely manner.

Management response

Management response

Management agrees.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 17 September 2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management agrees with the finding therefore finding remains and will be evaluated further for reporting in the management and audit report of the municipality.

3. COMAF 05: ISS.11 Adjustment budgets were not made available to the public.



Audit Finding

Requirement

In terms of the Municipal Budget and reporting regulation 26(1), within ten working days after the municipal council has approved an adjustments budget, the municipal manager must in accordance with section 21A of the Municipal Systems Act make public the approved adjustments budget and supporting documentation, as well as the resolutions referred to in regulation 25 (3).

Nature

During the audit of strategic planning and budgeting, the auditor could not confirm if the municipality has made the budget available to the public as required by the applicable regulation.

Cause

The management did not provide the evidence that adjustment budget was made available to the public with other supporting documentation.

Impact

This may result in a noncompliance and may be reported in both the management report and auditors report

Internal control deficiency

Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Recommendation

The management should ensure they make the adjustment budget available to the public, e.g. by making use of the municipal official website as required by legislation.

Management response

Name:

Position:

Date:

Auditor's conclusion



4. COMAF 02: ISS.16 Internal control deficiencies on competency assessments

Audit Finding

Requirements

In terms of Municipal Finance Management Act Section 83

(1) The accounting officer, senior managers, the chief financial officer and other financial officials of a municipality must meet the prescribed financial management competency levels.

In terms of Municipal Finance Management Act Section 107

The accounting officer, senior managers, any chief financial officer and all other financial officials of a municipal entity must meet the prescribed financial management competency levels.

In terms of the Municipal Finance Management Act section 119

(1) The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels.

Nature

During planning it was identified that for the following officials competencies were not assessed:

- Manager Technical Services
- SCM Managers
- Finance officials

Cause

The management did not develop and implement procedures to ensure that the competency assessment is conducted for all the SCM and finance officials. This is also due to management oversight.

Impact

This will result in a control deficiency and will be assessed for reporting in both management report and auditors report.

Internal control deficiency

Control deficiency

Leadership

- Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored

Recommendation

Recommendations



Management should have processes and procedures in place to ensure that the competencies of all the finance and SCM officials have been assessed.

Management response

Management disagrees with the finding. The prescribed MFMA competencies of the above listed officials were assessed through the Municipal Finance Management Program. Completion certificates and statement of results indicating the prescribed unit standards passed are on the personal files of these officials.

Name: R. Shuping
Position: CFO
Date: 18/10/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management response has been noted. However remains valid based on the evidence submitted by the management and based on the confirmation that only competences of the senior managers were assessed

5. PARTIALLY RESOLVED: COMAF 04: ISS.27: High Level review of 2020/2021 Annual Financial Statements

Audit Finding

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Nature

Contrary to the above, it was identified during the high level review of the 2020/2021 Annual Financial Statements that the Financial Statements submitted for audit were not presented correctly and accurately disclosed.

The following was noted:



Number	Description
1.1.1	<p>Note 11 (Property, plant and equipment)</p> <p>A difference of R 13 892 was identified on the cost/valuation of office equipment. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures of office equipment and what was disclosed in the 2019/2020 Annual Financial Statements.</p> <p>A difference of R 903 was identified on the accumulation depreciation of office equipment. This difference was noted between what is disclosed in the 2020 and 2021 Annual Financial Statements for the 2020 comparative figures of the accumulated depreciation of the office equipment.</p> <p>A difference of R 12 989 was identified on the carrying value of office equipment. This difference was noted between what is disclosed in the 2020 and 2021 Annual Financial Statements for the 2020 comparative figures for the carrying value of office equipment.</p>
1.1.2	<p>A difference of R 82 800 was identified on the cost/valuation of Infrastructure. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures of Infrastructure and what was disclosed in the 2019/2020 Annual Financial Statements.</p> <p>A difference of R 9 564 was identified on the Accumulated depreciation of Infrastructure. This difference was noted between what is disclosed in the 2020 and 2021 Annual Financial Statements for the 2020 comparative figures of accumulated depreciation on infrastructure.</p> <p>A difference of R 92 346 was identified on the carrying value of Infrastructure. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures for the carrying value of Infrastructure</p> <p>A total difference of R 106 353 has been noted.</p>
1.1.3	<p>Through inspection of the Prior Period Adjustment Note, it was noted that the correction of error is stated to be R 1 519 953 and not the R 106 353 that was calculated in Note 11.</p> <p>A difference of R 1 413 600 (R 1 519 953 - 106 353) has been noted.</p>

1.2. Note 11 - Property, plant and equipment reconciliation

Component	Category	2019/2020 Amount	2020/2021 Amount	Difference	Decrease/Increase
Infrastructure	Opening Balance	R 195752490...	R 230769015...	R 35016525...	Increase



Office equipment	Additions	R 8... 12176	R 0... 13566	R 2... 1389	Increase
Infrastructure	WIP under construction	R 25... 350435	R 1... 1318684	- R 4... 2185668	Decrease
Infrastructure	Transfers	R 18... 88146	R 0... 3036	- R 8... 878425	Decrease
Buildings	Depreciation	R 95... 28810	R 5... 146649	- R 0... 141460	Decrease
Office equipment	Depreciation	R 3... 16492	R 6... 16582	R 3... 90	Increase
Infrastructure	Depreciation	R 52... 125331	R 8... 1252358	- R 4... 956	Decrease
Buildings	Total	R 41... 105089	R 1... 1192354	R 0... 141460	Increase
Office equipment	Total	R 6... 55133	R 5... 56432	R 9... 1298	Increase
Infrastructure	Total	R 02... 2312589	R 6... 23135126	R 4... 9236	Increase
Infrastructure	WIP completed	R 58... 87842	R -	- R 8... 878425	Decrease

Number	Description
1.2	<p>The total differences amounting to R 32 165 510 noted in the reconciliation are different from the differences noted in Note 11.</p> <p>This is another issue identified with Property, plant and equipment as the Prior Period Adjustment note does not agree to the differences noted in both the reconciliation and disclosure note</p>

Number	Description
2	The de recognition of Intangible assets was not deducted from the balance of intangible assets. The total of the Intangible assets should be decreased with a total amount of R 1 675
3	<p>A grammatical error was noted in the disclosure note 22 - Long service awards.</p> <p>The sentence should read as follows: 'The discount rate used is derived using a liability-weighted average of the yields corresponding to the average term until payment of the long service awards, for each employee.</p>
4	<p>A casting error for the sale of water has been noted.</p> <p>The amount that should be disclosed for the sale of water should be R 3 360 998.</p>

5	<p>The interest received disclosed in the 2020/2021 Statement of Financial Performance does not agree to the amount disclosed in note 25 - Interest received note.</p> <p>Corrections should be made to the 2020/2021 Statement of Financial Performance to ensure that Interest received - consumers amounts to R 4 467 126.</p>
6	<p>It has been noted that Connection fees have been disclosed as part of Note 29 - Other income in the 2020/2021 Financial Statements.</p> <p>It is recommended that the Connection fees be disclosed as a separate note as it was previously done in the 2019/2020 financial statements to ensure consistency.</p>
7	<p>It has been noted that Connection fees have been disclosed as part of Note 29 - Other income in the 2020/2021 Financial Statements.</p> <p>It is recommended that the Connection fees be disclosed as a separate note as it was previously done in the 2019/2020 financial statements to ensure consistency.</p>
8	<p>Several differences that are not supported have been noted between what was disclosed as cash generated from operations in the 2020/2021 and the 2019/2020 financial years.</p> <p>It is recommended that management include reasons for the differences in the Prior period error note.</p>
9	<p>Differences were noted relating to the disclosure of rent received from related parties for the following officials:</p> <ul style="list-style-type: none"> - Esternhuizen,EE and - Shuping R <p>There is an R 8 930 (R 9 636 - R 706) difference with the amount disclosed for EE Esterhuizen in the 2020/201 Annual financial statements. A further difference of R 15 155 (R 20 116 - R 4961) was noted for the rent received from R Shuping.</p>
10	<p>It was noted that there was no reference made to the note number for Administrative expenditure.</p> <p>It is recommended that reference is made to disclosure Note 35.</p>
11	<p>It was noted that the current year fruitless and wasteful expenditure disclosed in note 53 of the Annual Financial Statements does not agree to the breakdown of the amount that is included below the disclosure.</p> <p>It is recommended that management ensures that the correct amount is used in the disclosure note.</p> <p>Inspected the UIFW register and confirmed that the reported amount for Fruitless and Wasteful expenditure is R 40 453 999.</p> <p>Inspected the UIFW register and the AFS and confirmed that the reported amount for Fruitless and Wasteful expenditure is R39 994 505.</p>

12	Mathematical errors were identified with the total loss in rand value for both Water and Electricity distribution losses.
13	<p>It was noted that the amount disclosed for the purchase of Property, plant and equipment and the proceeds received from the sale of Property plant and equipment does not correspond to the amounts disclosed in Note.</p> <p>It is therefore recommended that the 2020/2021 Cash Flow Statement be recalculated.</p>

Cause:

Management did not perform proper review of the annual financial statements before submission to the Auditor General for audit.

Impact:

The various impacts will be accumulated per component and communicated after assessing management responses.

As no corrections should be made to the AFS at this stage, the findings may be reported on management report and/or Auditor's report, this will depend on assessment of component affected.

Internal control deficiency

Financial and Performance Management

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.

Recommendation

Management should review and assess all the high level risk in the annual financial statements, the inconsistency of presentation of financial statements should be identified during review before submission of the AFS for audit.

Management response

Number	Description
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<p>1.1.1</p>	<p>Note 11 (Property, plant and equipment) A difference of R 13 892 was identified on the cost/valuation of office equipment. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures of office equipment and what was disclosed in the 2019/2020 Annual Financial Statements.</p> <p>This is due to a prior period correction where invoices weren't included in PY Additions – See schedule attached</p> <p>A difference of R 903 was identified on the accumulation depreciation of office equipment. This difference was noted between what is disclosed in the 2020and2021 Annual Financial Statements for the 2020 comparative figures of the accumulated depreciation of the office equipment.</p> <p>This is the accompanying depreciation for the correction of additions in the PY - See schedule attached</p> <p>A difference of R 12 989 was identified on the carrying value of office equipment. This difference was noted between what is disclosed in the 2020and2021 Annual Financial Statements for the 2020 comparative figures for the carrying value of office equipment.</p> <p>This is net value of the PY Addition correction - See schedule attached</p> <p>Payment of SEBATA has been submitted to AG supporting the correction Management response has been noted.</p> <p>Upon assessment of the documents submitted the auditor agrees with management and the finding has been resolved.</p>
<p>1.1.2</p>	<p>A difference of R 82 800 was identified on the cost/valuation of Infrastructure. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures of Infrastructure and what was disclosed in the 2019/2020 Annual Financial Statements.</p> <p>This is due to WIP adjustments, correction of creditors not included in WIP 2020, paid out of own funds - See schedule attached</p> <p>A difference of R 9 564 was identified on the Accumulated depreciation of Infrastructure. This difference was noted between what is disclosed in the 2020and2021 Annual Financial Statements for the 2020 comparative figures of accumulated depreciation on infrastructure.</p> <p>This is due to a correction in Depreciation see attached spreadsheet - See schedule attached</p> <p>A difference of R 92 346 was identified on the carrying value of Infrastructure. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures for the carrying value of Infrastructure</p>

	<p>This is the net effect of the above - See schedule attached</p> <p>A total difference of R 106 353 has been noted.</p> <p>This is the total of all the movements including the changes to Office equipment - See schedule attached</p> <p>Payment of TCB has been submitted to AG supporting the correction. The R82 800 is the difference between what was reported in 18/19 and the actual payment made</p> <p>Management response has been noted.</p> <p>Upon assessment of the documents submitted the auditor agrees with management and the finding has been resolved.</p>
1.1.3	<p>Through inspection of the Prior Period Adjustment Note, it was noted that the correction of error is stated to be R 1 519 953 and not the R 106 353 that was calculated in Note 11.</p> <p>A difference of R 1 413 600 (R 1 519 953 - 106 353) has been noted.</p> <p>This includes all prior period error corrections - See schedule attached</p> <p>Management response has been noted.</p> <p>Upon assessment of the schedule, the auditor agrees with management and the finding has been resolved.</p>

1.2. Note 11 - Property, plant and equipment reconciliation

Component	Category	2019/2020 Amount	2020/2021 Amount	Difference	Decrease/Increase
Infrastructure	Opening Balance	R 195752490..	R 230769015..	R 35016525..	Increase
Office equipment	Additions	R 121768...	R 135660..	R 13892...	Increase
Infrastructure	WIP under construction	R 35043525..	R 13186841..	-R 21856684..	Decrease
Infrastructure	Transfers	R 8814618..	R 30360..	-R 8784258..	Decrease
Buildings	Depreciation	R 2881095..	R 1466495..	-R 1414600..	Decrease
Office equipment	Depreciation	R 164923..	R 165826..	R 903..	Increase
Infrastructure	Depreciation	R 12533152..	R 12523588..	-R 9564..	Decrease



Buildings	Total	R 10508941..	R 11923541..	R 1414600..	Increase
Office equipment	Total	R 551336..	R 564325..	R 12989..	Increase
Infrastructure	Total	R 231258902..	R 231351266..	R 92364..	Increase
Infrastructure	WIP completed	R 8784258..	R -	-R 8784258..	Decrease

Number	Description
1.2	<p>The total differences amounting to R 32 165 510 noted in the reconciliation are different from the differences noted in Note 11.</p> <p>This is another issue identified with Property, plant and equipment as the Prior Period Adjustment note does not agree to the differences noted in both the reconciliation and disclosure note.</p> <p>Refer to prior period error note no 49 Property plant and equipment correction of error is R1 519 953 – see schedule attached</p> <p>Management's response has been noted. The finding is resolved.</p>

Number	Description
2	<p>The de recognition of Intangible assets was not deducted from the balance of intangible assets. The total of the Intangible assets should be decreased with a total amount of R 1 675</p> <p>The software is no longer being used by the municipality, the contracts ended. However, the values on the FAR were incorrect (accumulated depreciation) but since it was a de recognition we just removed it and the journal was to balance. We also looked at the value.</p> <p>Dr Acc dep 161 126.83 Cr Cost 159 451.81 Diff of R1 675 Debit balance</p> <p>Management agreed to the finding and the debit of R 1 675 should be applied accordingly.</p>
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<p>4</p>	<p>A casting error for the sale of water has been noted.</p> <p>The amount that should be disclosed for the sale of water should be R 3 360 998.</p> <p style="text-align: center;">Does not agree with the auditor</p> <p style="text-align: center;"> 4 328 587,00 - 446 312,00 3 882 275,00 </p> <p>The calculation error relates to the disclosure made for the 2020 comparative figure. This statement was erroneously excluded from the communication to management.</p> <p>The R 3 754 847 less R 393 849 is R 3 360 998 and not the R 3 361 362.</p> <p>After discussion with management, management indicated that the financial statements would be amended accordingly.</p>
<p>5</p>	<p>The interest received disclosed in the 2020/2021 Statement of Financial Performance does not agree to the amount disclosed in note 25 - Interest received note.</p> <p>Corrections should be made to the 2020/2021 Statement of Financial Performance to ensure that Interest received - consumers amounts to R 4 467 126.</p> <p>Partially agree, the note should be updated with R4 231 099</p> <p>Management agrees to the finding.</p> <p>This finding therefore remains and management may adjust accordingly.</p>



6	<p>It has been noted that Connection fees have been disclosed as part of Note 29 - Other income in the 2020/2021 Financial Statements.</p> <p>It is recommended that the Connection fees be disclosed as a separate note as it was previously done in the 2019/2020 financial statements to ensure consistency.</p> <p>No financial impact so we requesting to keep the note as it currently is</p> <p>Management's comments have been noted and the finding has therefore been resolved.</p>
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<p>10</p>	<p>It was noted that there was no reference made to the note number for Administrative expenditure.</p> <p>It is recommended that reference is made to disclosure Note 35.</p> <p>Management Do not agree, reference is made to note 35 in the AFS</p> <p>The reference is not included in Note 49 – the Prior year adjustment note under the summary of items from the Statement of Financial Performance.</p> <p>The finding therefore remains and management may adjust the financial statements accordingly.</p>
<p>11</p>	<p>It was noted that the current year fruitless and wasteful expenditure disclosed in note 53 of the Annual Financial Statements does not agree to the breakdown of the amount that is included below the disclosure.</p> <p>It is recommended that management ensures that the correct amount is used in the disclosure note.</p> <p>Management Agree – Request to amend R2 264 807 to R2 724 301</p> <p>Management agrees to the finding.</p> <p>The finding therefore remains. Management may adjust the disclosure note accordingly.</p>
<p>12</p>	<p>Mathematical errors were identified with the total loss in rand value for both Water and Electricity distribution losses.</p> <p>Management agrees to the water, request to amend 554 630 to 552 999</p> <p>Management do not agree with electricity – this is due to rounding please refer to the distribution losses working paper in the audit file.</p> <p>Management’s response on water losses has been noted. The auditor agrees to managements request to amend the water units available for sale to R 552 999 as this agrees to the schedule on the distribution losses. The R1 631 was double accounted for in the R 554 630.</p> <p>The rest of the disclosure should therefore be amended accordingly.</p> <p>Management’s response on electricity losses has been noted. The auditor agrees to the finding and the finding has therefore been resolved.</p>

13	<p>It was noted that the amount disclosed for the purchase of Property, plant and equipment and the proceeds received from the sale of Property plant and equipment does not correspond to the amounts disclosed in Note.</p> <p>It is therefore recommended that the 2020/2021 Cash Flow Statement be recalculated.</p> <p>Management do not agree with this – the total purchases as per Note 11 amounts to R14 826 560, whilst the total additions per CF statement is R12 886 967. The difference between the 2 amounts, which is R1 939 593 = which is represented by the donation in Note 31. This donation is a non-cash addition.</p> <p>Management do partially agree with the AGSA's comment – Note 11 does not show the proceeds but rather the carrying value of the assets disposed of, whilst the CF statement shows the proceeds. It is therefore not practicable to compare these items with each other.</p> <p>Therefore, to calculate the proceeds, one must use the following formula:</p> <p>Profit (loss) with disposal (Fin performance) (R36 892) Carrying value of PPE disposed of R25 289 Carrying value of IP disposed of R13 279</p> <p>= Proceeds with disposal of assets R1 676</p> <p>The abovementioned R1 676 is the issue that has been reported in no. 2.</p> <p>We therefore have to correct no.2 by proposing the following journal: Dr. Profit / loss R1 676 Cr. Intangible assets R1 676</p> <p>Management's response has been noted.</p> <p>The auditor agrees that the management may adjust the financial statements accordingly.</p>
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Name:

Position:

Date:

Auditor's conclusion

Number	Description
1.1.1	<p>Note 11 (Property, plant and equipment)</p> <p>A difference of R 13 892 was identified on the cost/valuation of office equipment. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures of office equipment and what was disclosed in the 2019/2020 Annual Financial Statements.</p> <p>This is due to a prior period correction where invoices weren't included in PY Additions – See schedule attached</p> <p>A difference of R 903 was identified on the accumulation depreciation of office equipment. This difference was noted between what is disclosed in the 2020and2021 Annual Financial Statements for the 2020 comparative figures of the accumulated depreciation of the office equipment.</p> <p>This is the accompanying depreciation for the correction of additions in the PY - See schedule attached</p> <p>A difference of R 12 989 was identified on the carrying value of office equipment. This difference was noted between what is disclosed in the 2020and2021 Annual Financial Statements for the 2020 comparative figures for the carrying value of office equipment.</p> <p>This is net value of the PY Addition correction - See schedule attached</p> <p>Payment of SEBATA has been submitted to AG supporting the correction Management response has been noted.</p> <p>Upon assessment of the documents submitted the auditor agrees with management and the finding has been resolved.</p>
1.1.2	<p>A difference of R 82 800 was identified on the cost/valuation of Infrastructure. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures of Infrastructure and what was disclosed in the 2019/2020 Annual Financial Statements.</p> <p>This is due to WIP adjustments, correction of creditors not included in WIP 2020, paid out of own funds - See schedule attached</p> <p>A difference of R 9 564 was identified on the Accumulated depreciation of Infrastructure. This difference was noted between what is disclosed in the 2020and2021 Annual Financial Statements for the 2020 comparative figures of accumulated depreciation on infrastructure.</p> <p>This is due to a correction in Depreciation see attached spreadsheet - See schedule attached</p> <p>A difference of R 92 346 was identified on the carrying value of Infrastructure. This difference was noted between what is disclosed in the 2020/2021 Annual Financial Statements for the 2020 comparative figures for the carrying value of Infrastructure</p>

	<p>This is the net effect of the above - See schedule attached</p> <p>A total difference of R 106 353 has been noted.</p> <p>This is the total of all the movements including the changes to Office equipment - See schedule attached</p> <p>Payment of TCB has been submitted to AG supporting the correction. The R82 800 is the difference between what was reported in 18/19 and the actual payment made</p> <p>Management response has been noted.</p> <p>Upon assessment of the documents submitted the auditor agrees with management and the finding has been resolved.</p>
1.1.3	<p>Through inspection of the Prior Period Adjustment Note, it was noted that the correction of error is stated to be R 1 519 953 and not the R 106 353 that was calculated in Note 11.</p> <p>A difference of R 1 413 600 (R 1 519 953 - 106 353) has been noted.</p> <p>This includes all prior period error corrections - See schedule attached</p> <p>Management response has been noted.</p> <p>Upon assessment of the schedule, the auditor agrees with management and the finding has been resolved.</p>

1.2. Note 11 - Property, plant and equipment reconciliation

Component	Category	2019/2020 Amount	2020/2021 Amount	Difference	Decrease/Increase
Infrastructure	Opening Balance	R 19575249	R 230769015.	R 35016525.	Increase
Office equipment	Additions	R 121768	R 135660..	R 13892..	Increase
Infrastructure	WIP under construction	R 35043525.	R 13186841..	-R 21856684..	Decrease
Infrastructure	Transfers	R 8814618.	R 30360..	-R 8784258..	Decrease
Buildings	Depreciation	R 2881095.	R 1466495..	-R 1414600..	Decrease
Office equipment	Depreciation	R 164923..	R 165826..	R 903..	Increase
Infrastructure	Depreciation	R 12533152..	R 12523588..	-R 9564..	Decrease



Buildings	Total	R 10508941.	R 11923541..	R 1414600..	Increase
Office equipment	Total	R 551336.	R 564325..	R 12989..	Increase
Infrastructure	Total	R 231258902..	R 231351266.	R 92364..	Increase
Infrastructure	WIP completed	R 8784258..	R -	-R 8784258..	Decrease

Number	Description
1.2	<p>The total differences amounting to R 32 165 510 noted in the reconciliation are different from the differences noted in Note 11.</p> <p>This is another issue identified with Property, plant and equipment as the Prior Period Adjustment note does not agree to the differences noted in both the reconciliation and disclosure note.</p> <p>Refer to prior period error note no 49 Property plant and equipment correction of error is R1 519 953 – see schedule attached</p> <p>Managements response has been noted. The finding is resolved.</p>

Number	Description
2	<p>The de recognition of Intangible assets was not deducted from the balance of intangible assets. The total of the Intangible assets should be decreased with a total amount of R 1 675</p> <p>The software is no longer being used by the municipality, the contracts ended. However, the values on the FAR were incorrect (accum depr) but since it was a derec we just removed it and the journal was to balance. We also looked at the value. Dr Acc dep 161 126.83 Cr Cost 159 451.81 Diff of R1 675 Debit balance</p> <p>Management agreed to the finding and the debit of R 1 675 should be applied accordingly.</p>
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6. PARTIALLY RESOLVED: COMAF 06: ISS.28: Differences between AFS, TB, GL and other supporting schedules

Audit Finding

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper



records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Nature

During a review of the trial balance, general ledger and supporting schedules to the annual financial statements submitted for audit for variance line items disclosed in the AFS, the following differences were identified:

		AFS	TB	Difference between AFS and TB	GL	Difference between AFS and GL	Difference between TB and GL
Formulae		A	B	= A - B	C	= A - C	= B - C
Reference	Financial statement Items						
	Revenue from exchange transactions	24 495 013,00	24 330 964,40	164 048,60	24 330 964,40	164 048,60	-
Note 25	Interest received - Receivables from exchange transactions (customers)	4 467 126,00	4 352 083,90	115 042,10	4 352 083,90	115 042,10	-
Note 26	Licenses and permits - Motor registrations (exchange)	31 677,00	-	31 677,00	-	31 677,00	-

Note 27	Commissions received	1 504 387,00	-	1 504 387,00	-	1 504 387,00	-
	Motor registrations	72 973,00	-	72 973,00	-	72 973,00	-
	Third party deductions	1 431 414,00	-	1 431 414,00	-	1 431 414,00	-
							-
Note 29	Revenue from non-exchange transactions						
	Property rates	4 761 377,00	4 893 748,55	4 761 377,00	4 893 748,55	(132 371,55)	-
	Rates received	4 953 627,00	5 085 998,83	(132 371,83)	-	4 953 627,00	5 085 998,83
	Less: Income forgone	(19 2 250,00)	(192 250,28)	0,28	-	(192 250,00)	(192 250,28)
Note 26	Licenses or permits (non-exchange)	-	31 676,56	(31 676,56)	31 676,56	(31 676,56)	-
Note 30	Government grants and subsidies						
	Operating grants						
	Disaster Relief Grant (COVID-19)	3 592 000,00	7 184 000,00	(3 592 000,00)	7 184 000,00	(3 592 000,00)	-
	Capital grants	13 245 891,00	-	13 245 891,00	-	13 245 891,00	-

	Not included in AFS:						
	Water Services Infrastructure Grant	-	56 414,50	(56 414,50)	56 414,50	(56 414,50)	-
							-
Note 7	VAT statutory receivables	4 626 574,00	4 631 699,03	(5 125,03)	1 449 358,41	3 177 215,59	3 182 340,62
Note 9	Cash and cash equivalents						
	Bank balances	2 28 174,00	128 173,88	100 000,12	128 173,88	100 000,12	-
	Short-term deposits	3 734,00	103 733,80	(99 999,80)	103 733,80	(99 999,80)	-
				-		-	-
Note 33	Employee related costs			-		-	-
	Basic salary	20 225 143,00	23 316 106,00	(3 090 963,00)	23 316 106,00	(3 090 963,00)	-
	UIF	2 08 704,00	216 297,37	(7 593,37)	216 297,37	(7 593,37)	-
	Leave pay provision charge	1 244 920,00	1 323 013,53	(78 093,53)	1 323 013,53	(78 093,53)	-
	Car allowance	7 36 094,00	1 318 752,70	(582 658,70)	1 318 752,70	(582 658,70)	-
	Telephone Allowances	1 58 700,00	258 150,00	(99 450,00)	258 150,00	(99 450,00)	-
	Senior management	3 858 763,00	3 899 630,48	(40 867,48)	3 899 630,48	(40 867,48)	-

	remuneration						
Note 16	Payables from exchange transactions						
	Trade payables	(126 884 027,00)	(126 923 317,51)	39 290,51	(126 923 317,51)	39 290,51	-
	Payments received in advance	(3 056 497,00)	(3 609 871,93)	553 374,93	(3 609 871,93)	553 374,93	-
	Unallocated deposits received	(20 6 148,00)	(149 733,30)	(56 414,70)	(149 733,30)	(56 414,70)	-
	Other payables	(8 381 527,00)	(7 649 876,21)	(731 650,79)	(7 649 876,21)	(731 650,79)	-
Note 41	Expenditure						
	Advertising	19 919,00	17 319,28	2 599,72	17 319,28	2 599,72	-
	Chemicals	5 93 402,00	635 522,68	(42 120,68)	635 522,68	(42 120,68)	-
	Electricity	59 067,00	57 945,32	1 121,68	57 945,32	1 121,68	-
	Postage and courier	56 867,00	54 267,11	2 599,89	54 267,11	2 599,89	-
	Project maintenance costs	3 73 929,00	372 299,00	1 630,00	372 299,00	1 630,00	-
Note 11	Property, plant and equipment	AFS	Asset /WIP register	Difference			
Formulae		A	B	(A-B)			
	Plant and machinery	9 98 534,00	261 470,94	737 063,06			

	y - Carrying value at year end						
	Office equipment - Carrying value at year end	4 67 377,00	459 318,54	8 058,46			
	WIP opening balance	39 363 308,00	39 446 107,43	(82 799,43)			
	WIP add itions	12 780 395,00	11 402 209,06	1 378 185,94			

Note 20	Provisions	AFS	GL	Difference			
Formulae		A	B	(A - B)			
	Additions	382 641	0	382 641			

Cause:

Management did not perform proper review of the annual financial statements before submission for audit and a result on management oversight.

Impact:

This may result in multiple material misstatements in the AFS as a result auditor may not be able to continue with the audit as the source documents and AFS do not agree nor can select items for testing which may then present a limitation of scope on the affected financial statement items.

Internal control deficiency

Financial and Performance Management

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.

Recommendation

Management should implement proper controls to ensure a thorough review of the annual financial statements and supporting schedules is conducted thereof before submission of the AFS for audit.

Management response



1. Does not agree, The TB/GL agrees to the AFS see recon attached. The difference the auditor was getting was due to the auditor filtering on descriptions in the TB. In some instances, the description will be revenue non exchange however the transactions within the account will be exchange transactions and disclosed correctly in the AFS.
2. Partially agree, see recon submitted there is no difference between the AFS and TB/GL. No difference between TB/GL and AFS, the face of the AFS is correct, we requesting to adjust the note to 4 231 099 to reflect the total interest as per the face of the Statement of financial Performance
3. Partially agree, The TB/GL agrees to the AFS see recon attached. The reason the auditor identified this as a difference are due to the account description is non exchange however the transactions in that specific account is from exchange transactions and correctly disclosed in the AFS.
4. Partially agree, The TB/GL agrees to the AFS see recon attached, however it was identified that the face of the AFS is correct, we requesting to adjust the note to reflect the face of the Statement of Financial Performance
5. Does not agree. The TB/GL agrees to the AFS see recon attached. The difference is due to the AGSA filtering on description in the TB. Although the vote description is revenue non-exchange, the transactions within that vote are revenue exchange transactions and correctly disclosed as such in the AFS.
6. Does not agree. The TB/GL agrees to the AFS see recon attached. It's only the account description used that says non exchange however the transactions processed in that specific account is exchange transactions and is disclosed as exchange transactions in the AFS.
7. Agree – Journal was duplicated, request to adjust the TB/GL, the AFS is correct.
8. Does not agree. The TB/GL agrees to the AFS see recon attached
9. Agree, transaction was incorrectly processed to WSIG, request to journal it to Trade payables
10. Partially agree, the only difference identified between TB/GL and AFS is R5 125.50, request to adjust the AFS – See recon on VAT.
11. Management agrees, request to adjust the TB/GL to agree to the AFS
12. Management does not agree – The TB/GL agrees to the AFS see recon attached, the differences in the finding as discussed with the AG trainee are due to the senior manager's separate disclosure. When comparing the TB/GL to the AFS the senior manager's disclosure should be factored into the calculation.
13. Agree, request to amend AFS to agree to the TB/GL
14. Agrees, relates to the WSIG grant revenue note no 9 above.
15. Does not agree, see recon attached
16. Agree, request to adjust the TB/GL and AFS to agree to the FAR
17. Agree, request to amend the AFS to agree to the FAR

Name:

Position:

Date:

Auditor's conclusion

Management's responses noted:

1. The auditor disagrees with management. The differences are the result of recording items in the incorrect accounts, and therefore a classification error.
2. Management partially agrees with the finding, therefore finding remains.
3. Management partially agrees with the finding, therefore finding remains.
4. Management partially agrees with the finding, therefore finding remains.
5. The auditor disagrees with management. The differences are the result of recording items in the incorrect accounts, and therefore a classification error.
6. The auditor disagrees with management. The differences are the result of recording items in the incorrect accounts, and therefore a classification error.
7. Management agrees with the finding, therefore finding remains.
8. The auditor partially agrees with management, there is still differences in the total capital grants line due to the Water Services Infrastructure Grant (note 9) s above.
9. Management agrees with the finding, therefore finding remains.
10. Management partially agrees with the finding, therefore finding remains.
11. Management agrees with the finding, therefore finding remains.
Auditors updated conclusion on Note 11: 22 February 2021
Management subsequently adjusted the AFS, except for the WIP opening balance of R82 799.43.
The misstatement will be accumulated in the SUM with other misstatements.
12. Management response has been noted, therefore the finding is resolved.
13. Management agrees with the finding, therefore finding remains.
14. Management agrees with the finding, therefore finding remains.
15. Management response noted, journals should be submitted for audit for us to validate the management response given.



16. Management agrees with the finding, therefore finding remains.

17. Management agrees with the finding, therefore finding remains.

General response:

Where management agrees with the findings on differences, management must provide the auditor with reasons for as to why the errors occurred and what controls has management put in place to ensure that the errors do not re-occur.

When making adjustments, managements should re-visit the entire population (i.e. not only focus on the differences listed in the finding above) to ensure that the whole population does not contain any more errors

7. COMAF 05: ISS. 29 No reports submitted to the council on budget implementation

Audit Finding

Requirement

According to MFMA section 70(1) the accounting officer of a municipality must report in writing to the municipal council—

(a) Any impending:

(i) Shortfalls in budgeted revenue; and

(ii) Overspending of the municipality’s budget; and

(b) Any steps taken to prevent or rectify such shortfalls or overspending

Nature

During the audit of strategic planning and budgeting, the municipal manager did not report to the council in writing for impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

Cause

The Municipal Manager did not exercise his responsibility as an accounting officer of reporting to the council in writing on impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

Impact

This may result in in control deficiency and non-compliance, and may be reported in both management report and the auditor’s report.

Internal control deficiency

Control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls



Recommendation

Recommendation

The management should implement the processes and procedures to they submit reports to the council in writing for impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems as required by MFMA section 70(1).

Management response

Name:

Position:

Date:

Auditor's conclusion

8. COMAF 05: ISS.32: Journals-Review and approval was not done the relevant authority

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

During the audit of journals business process, the auditor confirmed that the processing journal for the write-off of the bad debt (transaction ID 166-2020/11-9864) was approved by the Accountant (Miss Lavita) instead of the CFO.

Cause

Management did not implement controls to ensure that all the journals passed are approved by the CFO.

Impact

This may result in a control deficiency and may be reported in both management report and auditors report.



Internal control deficiency

Control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Recommendation

Management should ensure that they implement processes in places to ensure that the all journals passed are reviewed and approved by the relevant authority as also indicated by their process and controls for journals.

Management response

Name:

Position:

Date:

Auditor's conclusion

9. [COMAF 05] ISS36:Job evaluation not submitted

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

During the understanding of the control municipal internal control environment and the audit of employee cost business process, the auditor could not confirm if the job evaluation was done for the revised organizational structure.

Cause



This is due to lack of management oversight and also management not providing auditors with the job evaluation report.

Impact

This may result in a control deficiency and may be reported in both management report and auditors report.

Internal control deficiency

Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Recommendation

Recommendation

The management should implement controls that will enable them to ensure that the information is submitted to the auditors in a timely manner as and when requested as per the terms of the engagement.

Management response

Name:

Position:

Date:

Auditor's conclusion

10. COMAF 07: ISS.40: Annual Report is not submitted

Audit Finding

Requirement

In terms of MFMA section 121(1), every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Nature



Management did not prepare the annual report for the 2020/21 financial year as required by section 121 of the MFMA

Cause

Management did not implement controls to ensure that the management comply with the MFMA section 121 requirement

Impact

This may result in non-compliance and may be reported in both management report and auditors report.

Internal control deficiency

Internal control deficiency

Leadership

-Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Recommendation

Management should ensure that for each financial year they prepare an annual report in accordance with the chapter 12 of the MFMA.

Management response

Management response

Management agrees with the finding

Name: R. Shuping

Position: CFO

Date: 17/11/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response has noted, the finding remains valid.



11. COMAF 10: ISS.44:Minutes were not submitted

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

During the inspection of the minutes for the committees, it was noted that the minutes of the following committees were not submitted:

- (a) Internal audit committee
- (b) Budget committee
- (c) Finance committee
- (d) HR sub committee
- (d) Basic conditions sub committee
- (e) Service restructuring sub committee

Cause

Management did not implement controls to ensure that the information is submitted to the auditors
Impact

This may result in both control deficiency and non-compliance and may be reported in both the management report and the auditor's report.

Internal control deficiency

Internal control deficiency

Leadership

-Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Recommendation

Recommendation

Management should ensure that they submit the information to the audit within the deadlines provided.

Management response



Management response

Management disagrees with the finding. All minutes were submitted with RFI 01 except for the IDP and Budget Steering committee which was submitted on 02 December 2021.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 25/01/2022

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management response has been noted. However, the finding is partially resolved, as the minutes for the above committees were not submitted with RFI 01. On 02 December 2021, only minutes for the meeting that was held on 03 February 2021 were submitted.

12. COMAF 09: ISS.49: Long service awards: Difference in the number of employees used for calculation

Audit Finding

In terms of MFMA Act section 62. General financial management functions.—(1) the accounting officer of a municipality is Responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—
(A) That the resources of the municipality are used effectively, efficiently and economically;
(b) That full and proper records of the financial affairs of the municipality are kept in Accordance with any prescribed norms and standards;

During the audit of long service awards the following discrepancies were identified:

Exits per expert report: 5
Exits per list provide: 4
Difference: 1



This is due to lack of management review and lack of management oversight. This may result in a misstatement in the liability raised for long service awards. Management made use of experts and auditor cannot quantify the effect of the misstatement thereof as this was done by actuaries.

Internal control deficiency

Leadership: Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. (L2)

Financial and performance management

The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must ensure that reviews of expert's reports are done prior submission of the information of auditing and also that correct information is used in deriving or determining liabilities of the municipality.

Management response

Management response

Management agrees with the finding.

Employee Curtley Scheepers (unique ID: 4099) was not labelled or highlighted in any of the data sets of 2020 and 2021. He was confirmed in 2021, for the first time, to be ineligible for the benefits. He was therefore included in the 2020 reports but not the 2021 ones. This explains the additional exit in the 2020/2021 financial year (i.e. a total of 5 exits in our report, as opposed to the 4 actual eligible employee exits).

Name: R. Shuping
Position: CFO
Date: 23/11/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion



Management response noted and finding remains. This will be evaluated further for reporting in both the AR&MR of the municipality.

Subsequently auditor performed an assessment of the misstatement and this resulted in an overstatement of R20 975 which will be evaluated for inclusion in the MR&AR of the municipality.

13. COMAF 19: ISS.66: Fruitless and wasteful expenditure was overstated

Audit Finding

Requirement

Section 63(1) (a) of the Municipal Finance Management Act No.56 of 2003 states that: The accounting officer of a municipality is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

On 30 March 2020, the Minister of Finance published an Exemption Notice in terms section 177(1) (b) of the MFMA (exemption notice) exempting municipalities and municipal entities from "... the provisions of that Act and regulations made thereunder".

According to Section 65(2) (e) of the MFMA:

- (2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure
- (e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

Nature

During the audit of fruitless and wasteful expenditure, it was confirmed that the municipality included the interest on overdue accounts as part of fruitless and wasteful expenditure for the and that was in contrary to the notice of exemption that was issued by the minister of finance
Cause

Management did not implement proper controls over the review of fruitless and wasteful expenditure register.

Impact

That will result in an overstatement of fruitless and wasteful expenditure of the extrapolated amount of R1 736 298.17

Internal control deficiency

Internal control deficiency

Leadership



Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Recommendation

Management should make sure that they implement controls in place to ensure that proper review is done in the information that is used to prepare financial statements

Management response

Management agrees and request to adjust.

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management response has been noted, the finding remain valid until the management has submitted the correct adjustment on the fruitless and wasteful expenditure

14. COMAF 10: ISS.71: Employee benefits: No support for the basis or assumption for inclusion of the in service non members

Audit Finding

In terms of MFMA Act section 62.

General financial management functions.—(1) the accounting officer of a municipality is Responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

- (A) That the resources of the municipality are used effectively, efficiently and economically;
- (b) That full and proper records of the financial affairs of the municipality are kept in Accordance with any prescribed norms and standards

During the audit of employee benefits the following was noted:



1. The municipality did not develop a policy as raised in the emerging risk in the prior year management report to support or develop a basis for the employee benefit obligation raised.
2. The municipality included as part of their obligation the in service-non medical members and no basis or support for the inclusion could be supported.

This is due to lack of management oversight and slow implementation of AG recommendations. This will result in the following respectively:

1. Non development of the policy results in an internal control deficiency.
2. The inclusion of the in service non-members in the obligation results in an overstatement of the obligation as the municipality is not legally nor constructively obligated to pay our any employee benefits (medical aid) for non-members of any medical aid schemes.

Internal control deficiency

Leadership: Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. (L2)

Financial and performance management

The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management should implement the following:

1. Develop a policy for the obligation raised for employee benefits (medical aid) which should state clearly which members/ employees are eligible for the benefit.
2. The municipality should provide supporting documentation for the inclusion of the in service non-members.

Management response

Management agrees.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 25/01/2022

Name:



Position:

Date:

Auditor’s conclusion

Management agreed to the finding therefore finding still remains and will be evaluated on for further inclusion in both the MR&AR of the municipality.

Subsequently inspected the management expert report and confirmed that the obligation raised for in service nonmembers amounted to R501 000 which is below performance materiality and will be evaluated further for evaluation in the MR&AR of the municipality

15. COMAF 10: ISS.74: Expenditure: Travel and Subsistence - Cut-Off

Audit Finding

Requirement/Limitation

In terms of the Municipal Finance Management Act:

Section 62 (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Contrary to the above, the Auditor was unable to determine whether the following items relate to the 2020/2021 financial year.

The details of the items are as follows:

Number	Payment Voucher	VendorName	TransactionDate	AFS line item	Total	Auditors Comment
1			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	4.000 .00	No information was submitted to the Auditors
2			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	2.584.56	No information was submitted to the Auditors



3	20211480 08	LA HEALTH MEDICAL AID	28/05/2021	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Tra nsport without Operator:Own Transport	18.927.00	Auditor was unable to perform audit procedur es using the informati on submitte d for audit.
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This is due to the inappropriate review of the Annual Financial Statements and lack of management oversight.

This will result in overstatement of expenditure by projected amount of R 173 714.91

Internal control deficiency

Leadership

Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls

Recommendation

Management should ensure that it applies the appropriate controls and procedures to ensure the cut-off of expenditure incurred.

Furthermore, management should implement controls that will enable them to ensure that the information is submitted to the auditors in a timely manner as and when requested as per the terms of the engagement.

Management response

Management submitted the information in response to this finding for 1 &2. Agrees and request to adjust on 3 as it was not correctly classified.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 25/01/2022



Name:

Position:

Date:

Auditor's conclusion

Management's comments are noted.

No information has been submitted to the auditors relating to 1 and 2 and the finding therefore remains. Management's request to adjust has also been noted and the finding will remain until the adjusted financial statements are received and there is evidence that the adjustment was made.

16. [RESOLVED]COMAF 11: ISS.75: Incorrect disclosure: Financial instruments(accrued leave &bonus)

Audit Finding

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

GRAP 104: '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'.

During the audit of financial instruments it was noted that accrual leave pay and accrued bonus were incorrectly disclosed as part of financial instruments in note 45 as they do not meet the definition of a financial instrument:

'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'.

This is due to lack of management oversight and incorrect disclosure per the applicable legislation and standards.

This will lead to non-compliance with GRAP 104 and incorrect disclosure overstating the financial instruments note 45.

Internal control deficiency

Leadership



Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Management must ensure that correct disclosure per the applicable standards and legislation is correctly applied.

Management response

Management agrees and request to adjust the financial instrument note.

Name: R. Shuping
Position: AMM
Date: 13/01/2021

Name:
Position:
Date:

Auditor's conclusion

Management response noted and a request to adjusted AFS has been requested. The finding will be resolved when the adjusted AFS have been submitted for audit.

Subsequent to receipt of adjusted AFS

Management provided the adjusted AFS, and it was confirmed that management correctly disclosed payables from exchange transactions net of the accrued leave and accrued bonus. The finding is therefore resolved.

17. COMAF 12: ISS.80: Payment received in advance-Difference in amount per schedule- and amount disclosed per AFS

Audit Finding

Requirements

Section 63(2) of the Municipal Finance Management Act 56 of 2003 states that the accounting officer must take all reasonable steps to ensure:

(a) That the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality



During the audit of payables from exchange transactions the following difference was noted:

ITEM	AMOUNT PER SCHEDULE	AMOUNT PER AFS	DIFFERENCE
Payments received in advance	R240 228,03	R3 056 497,00	-R2 816 268,97

Further to that a cut of letter 03 of 2021 was issued on the 22nd November due on the 24th November and no information was submitted therefore we were limited in testing the payment's received in advance disclosed under note 16 of R3 056 497.

This is due to lack of management oversight.

This will result in a material misstatement of R2 816 269 which will be evaluated and reported in the MR&AR of the municipality

Internal control deficiency

Financial and performance management

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

Management did not implement controls over daily and monthly processing and reconciling of transactions.

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must ensure that proper record keeping is maintained and that all the information disclosed in the AFS are supported by sufficient, appropriate audit evidence.

Management response

Management agrees and request to amend the journal processed against Payments received in advance in error. We request to process the journal against accumulated surplus as a prior period error as this is a prior period error.

Name: R. Shuping

Position: AMM

Date: 13/01/2021

Name:

Position:

Date:

Auditor's conclusion



Management response noted, however cut off no.3 was issued and due on the 24th November 2021 therefore finding still remains and no adjustments will be allowed on payments received in advance. The effect will be evaluated and reported on in the MR&AR of the municipality.

18. ISS.144: Segment Reporting: Incomplete disclosure note

Audit Finding

Requirement

Generally Recognized Accounting Principles [GRAP] 18 - Segment Reporting requires the following:

General information

.20 An entity shall disclose the following general information:

(c) Types of goods and/or services delivered by each segment.

Information about surplus or deficit, assets and liabilities
<p>.21 An entity shall report a measure of surplus or deficit for each reportable segment. An entity shall report a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management. An entity shall also disclose the following about each reportable segment if the specified amounts are included in the measure of segment surplus or deficit reviewed by management, or are otherwise regularly provided to management, even if not included in that measure of segment surplus or deficit:</p> <ul style="list-style-type: none"> (a) external revenue from non-exchange transactions; (b) external revenue from exchange transactions; (c) revenue from transactions with other segments in the same entity; (g) material items of revenue and expenses disclosed in accordance with paragraph .101 of the Standard of GRAP on Presentation of Financial Statements (j) Material non-cash items other than depreciation and amortization. <p>1.</p>
<p>.23 An entity shall disclose the following about each reportable segment if the specified amounts are included in the measure of segment assets reviewed by management or are otherwise regularly provided to management, even if not included in the measure of segment assets:</p> <ul style="list-style-type: none"> (b) The amounts of additions to non-current assets¹ other than financial instruments, deferred tax assets (where applicable), post-employment benefit assets (see the Standard of GRAP on Employee Benefits) and rights arising under insurance contracts. <p>1.</p>



.26 An entity shall provide an explanation of the measurements of segment surplus or deficit, segment assets and segment liabilities for each reportable segment. An entity shall disclose at least the following.

(f) The nature and effect of any asymmetrical allocations to reportable segments. For example, an entity might allocate depreciation expense to a segment without allocating the related depreciable assets to that segment.

Reconciliations
.27 An entity shall provide reconciliations of all of the following: (a) The total of the reportable segments' revenues to the entity's revenue. (c) The total of the reportable segments' assets to the entity's assets if segment assets are reported in accordance with paragraph. (d) The total of the reportable segments' liabilities to the entity's liabilities if segment liabilities are reported in accordance with paragraph (e) The total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity.

Nature

During the audit of the disclosure of Segment information it was identified that the disclosure note was incomplete and presentation not in accordance with the specimen AFS. The following are the GRAP disclosure paragraphs which were not done:

Requirement	GRAP Reference	Disclosure made
Has the entity disclosed the types of goods and/or services delivered by each segment	18.20I 18.19(a)	No
Has the following been disclosed about each reportable segment	18.21	
a) external revenue from non-exchange transactions	18.21(a)	No
b) external revenue from exchange transactions	18.21(b)	No
c) revenue from transactions with other segments in the same entity	18.21I	No
g) material items of revenue and expenses disclosed in accordance with GRAP 1	18.21(g)	No



j) material non-cash items other than depreciation and amortization	18.21(j)	No
Has the following been disclosed about each reportable segment	18.23	No
b) the amounts of additions to non-current assets other than financial instruments, deferred tax assets (where applicable), post-employee benefit assets and rights arising under insurance contracts	18.23(b)	No
Has the entity disclosed the nature and effect of any asymmetrical allocations to reportable segments	18.26(f)	No
Has the entity provided a reconciliation of all of the following	18.27	No
a) the total of the reportable segments' revenues to the entity's revenues	18.27(a)	No
c) the total of the reportable segments' assets to the entity's assets	18.27(c)	No
d) the total of the reportable segments' liabilities to the entity's liabilities	18.27(d)	No
e) the total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity	18.27(e)	No
Has the following been disclosed for each reportable segment based on an entity's primary reporting format:	21.78 26.120	No
a) the amount of impairment losses recognized in surplus or deficit and directly in net assets during the period; and	21.78(a) 26.120(a)	No
b) the amount of reversals of impairment losses recognized in surplus or deficit and directly in net assets during the period	21.78(b) 26.120(b)	No

Cause



A review of the Financial Statements was not done to ensure that the overall presentation and disclosure requirements per GRAP 18 were in all instances met.

Impact

The above issue results in a presentation and disclosure issue due to inaccuracy of the disclosure note

Internal control deficiency

Financial and Performance Management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Recommendation

Management should thoroughly review the financial statements against GRAP requirements to ensure appropriate presentation and disclosure

Management response

Management agrees with the finding and request to amend the disclosure for segment reporting.

Management propose to include the following:

Name:

Position:

Date:

Auditor's conclusion

Management's response and proposed adjustment is acknowledged. Finding will be resolved upon receipt of adjusted AFS.

Subsequent to receipt of adjusted AFS

Subsequent to management providing the adjusted AFS, the disclosure was re audited however it was identified that management did not include some of the proposed adjustments and disclosure still incomplete and not in line with the GRAP 18 requirements.

The finding therefore still remains.



19. ISS.145: Journals and supporting information not submitted**Audit Finding**

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

Nature

A. The auditor was unable to audit the following journals. The Request of information was received on 09 November 2021 and the information was due on 11 November 2021 however the following journals were not submitted:

Grants									
PostingLevel Parent	Transaction Date	Processing Month	Reference	Project ID1	Document Number1	TID	Transaction Details	Debit	Credit
National Departmental Agencies	30/06/2020	13	ADJ - GJ21	31710	93_25	143067	Multiple Journal	0	- 1910409
National Departmental Agencies	30/06/2021	13	ADJ - GJ45	30293	93_38	143278	Multiple Journal	0	- 600000
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_1636	31586	93_17	142603	Multiple Journal	0	- 99740.6
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_2945	31586	93_17	142607	Multiple Journal	0	- 2026925
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_2936	31586	93_17	142608	Multiple Journal	0	- 1165114
National Government	28/09/2021	12	MIG Grant Transfer	31586	93_17	142606	Multiple Journal	0	- 670953



			- Invoice 208_16 95						
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_27 49	31586	93_17	142609	Multiple Journal	0	- 1119 66
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_16 38	31586	93_17	142605	Multiple Journal	0	- 1033 06
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_16 37	31586	93_17	142604	Multiple Journal	0	- 8716 29
National Government	28/09/2021	12	MIG Grant Transfer - Invoice 208_29 57	31586	93_17	142610	Multiple Journal	0	- 5992 3.9
Infrastructure Skills Development Grant	30/06/2021	13	Reallocation of Library Grant Receipt 12_477	32035	93_16	142442	Multiple Journal	60000 0	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_16 37	30547	93_17	142612	Multiple Journal	87162 9.4	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_29 45	30547	93_17	142615	Multiple Journal	20269 25	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice	30547	93_17	142616	Multiple Journal	11651 14	0

			208_29 36						
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_16 36	30547	93_17	1426 11	Multiple Journal	99740 .57	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_16 38	30547	93_17	1426 13	Multiple Journal	10330 5.6	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_16 95	30547	93_17	1426 14	Multiple Journal	67095 2.6	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_27 49	30547	93_17	1426 17	Multiple Journal	11196 5.5	0
Municipal Infrastructure Grant	28/09/2021	12	MIG Grant Transfer - Invoice 208_29 57	30547	93_17	1426 18	Multiple Journal	59923 .92	0
Municipal Infrastructure Grant	30/06/2021	13	Reallocation of MIG Grant Receipt 12_221	30517	93_15	1424 39	Multiple Journal	0	- 5000 000
Municipal Infrastructure Grant	30/06/2021	13	Reallocation of MIG Grant Receipt 12_221	30319	93_15	1424 40	Multiple Journal	50000 00	0
National Library South Africa	30/06/2021	13	Reallocation of Library Grant	38189	93_16	1424 41	Multiple Journal	0	- 6000 00

			Receipt 12_477						
National Library South Africa	30/06/2 021	13	ADJ - GJ45	38189	93_38	1432 79	Multiple Journal	60000 0	0

B. The auditor was unable to audit the following adjusting journal as no supporting information was submitted and no clear explanation was made by the management.

(i) - Transaction ID: 93-2021/10-1

- Journal reference: Adjusting - GJ38

(ii)

PostingLevelParent	Transaction Date	ProcessingMonth	Reference	ProjectID1	DocumentNumber1	TID	Transaction Details	Debit	Credit
National Government s	30/06/ 2021	13	ADJ - GJ43	29680	93_36	143 272	Multiple Journal	0	- 80347 4.07
National Government s	30/06/ 2021	13	ADJ - GJ44	31896	93_37	143 275	Multiple Journal	0	- 22064 61.4
National Government s	30/06/ 2021	13	ADJ - GJ44	31896	93_37	143 274	Multiple Journal	0	- 11246 95.1
National Government s	30/06/ 2021	13	ADJ - GJ46	32276	93_39	143 280	Multiple Journal	0	- 35920 00
National Government s	2021/0 1/10	13	Adjusti ng - GJ46	32276	93_42	143 288	Multiple Journal	0	- 35920 00
National Government s	30/06/ 2021	13	ADJ - GJ42	32251	93_41	143 287	Multiple Journal	1232 6	0
Expanded Public Works Programme Integrated Grant	30/06/ 2021	13	ADJ - GJ43	31797	93_36	143 273	Multiple Journal	8034 74.1	0
Local Government Financial Manageme nt Grant	30/06/ 2021	13	ADJ - GJ44	30198	93_37	143 277	Multiple Journal	2206 461	0
Municipal Disaster Relief Grant	28/09/ 2021	12	Reallo cation of Covid Grant	29779	93_18	142 749	Multiple Journal	0	- 35920 00

			Receipt 12_229						
Municipal Infrastructure Grant	30/06/2021	13	ADJ - GJ46	31150	93_39	143281	Multiple Journal	3592000	0
Municipal Infrastructure Grant	30/06/2021	13	ADJ - GJ42	31150	93_41	143286	Multiple Journal	998000	0
Municipal Infrastructure Grant	2021/01/10	13	Adjusting - GJ46	31150	93_42	143289	Multiple Journal	3592000	0
Municipal Infrastructure Grant	30/06/2021	13	ADJ - GJ42	32031	93_41	143284	Multiple Journal	0	-12326

Cut off letter 06 of 2021 was issued on the 10th of February and due on the 14th February 2021 however the above instances were identified and not all journals were submitted.

Cause

A. Management did not provide the non-routine journals requested by the auditors. Refer to the following list of journals not received:

B. Management did not provide support for the adjusting journal made.

Impact

That will result in a limitation finding which may be reported in both management report and auditors report

Internal control deficiency

Leadership:

Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Recommendation

Recommendation

Management must ensure that all the requested information by the auditors is submitted within the stated deadline. Where extension is requires. Communication should be sent within the timelines indicated in the engagement letter.

Management response



Name:

Position:

Date:

Auditor’s conclusion

Cash and cash equivalents

20. COMAF 12: ISS.77: Inconsistencies on bank reconciliation dates

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

During the inspection of the bank reconciliation, it was confirmed that the dates on the bank reconciliations were not consistent, refer to the following table:

Account Reconciliation month	Date reconciliation was performed	Statement date in the bank reconciliation
July 2020	01 July 2020	01 July 2020
August 2020	31 July 2020	31 July 2020
October 2020	15 October 2020	15 October 2020
February 2021	02 February 2021	02 February 2021

Cause

Management did not perform a proper review on the information that was submitted to the auditors.
Impact

This may result in a control deficiency and may be reported in both management report and the auditor’s report as this may lead to reconciling items not being identified on time and therefore any differences noted are also not followed up on time.

Internal control deficiency



Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Recommendation

Recommendation

Management must put controls in place with regards to cash and bank management and ensure that the controls are adhere to and bank reconciliations are performed timeously.

Management response

Name:

Position:

Date:

Auditor's conclusion

21. ISS.135: Differences in cash and cash equivalents

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

A. When auditing cash at bank, it was confirmed that the amount presented in the financial statements was R228 175 whereas the amount reflected in the bank confirmation letter as at 30 June 2021 is R245 290.73 (R241 291.97+ R3 998.78).

B. When auditing the bank reconciliation for August 2020, it was confirmed that the incorrect balance of R3 409 135.77. The correct balance in the bank statement was R3 416 391.67.
Cause

A. Management did not properly review the AFS



B. Management did not properly review the bank reconciliation

Impact

A. That will result in understatement of cash and cash equivalent by R17 116.73

B. That will result in a control deficiency

Internal control deficiency

Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Recommendation

Recommendation

Management should ensure that reviews are properly performed on the information used in preparing the AFS

Management response

Name:

Position:

Date:

Auditor's conclusion

Commitments

22. [PARTIALLY RESOLVED]COMAF 15: ISS.94: Commitments amount misstated

Audit Finding

Requirements

Section 63(2) of the Municipal Finance Management Act 56 of 2003 states that the accounting officer must take all reasonable steps to ensure:

(a) That the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality



Nature

1. The following differences were identified between the commitment register and the auditor's recalculations:

Project Description	Commitments as per the commitment register	Commitments as per the auditor's recalculations	Difference
Steynville outfall sewer line	R5 422 524,66	R1 019 827,98	R4 402 696,68

2. The amount of R5 178 954,23 on commitment for the Electrification of Goutrou and Hillside project could not be confirmed as no contract was obtained to confirm the contract amount.

Cause

Management did not correctly calculate commitments amount disclosed.

Management did not ensure that valid contracts are in place for the projects the municipality entered into.

Impact

1. Overstatement of commitments of R4 402 696, 68 (Disagreement)
2. Overstatement of commitments of 5 178 954, 23 (Limitation)

Internal control deficiency**Financial and performance management**

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.

Recommendation**Recommendation**

Management should correctly calculate the commitments amount disclosed.

Management should ensure that valid contracts are in place for the projects the municipality entered into.

Management response**Management response**

Project Description	Commitments as per the commitment register	Commitments as per the auditor's recalculations	Difference
Steynville outfall sewer line	R5 422 524,66	R1 019 827,98	R4 402 696,68



1. Management agree. From inspecting the Commitment register, Management found that the invoicing on the project was not adjusted on the summary sheet of the Commitment register. Amendment will look as follows. Management request to adjust.

2. Management do not agree. During the Audit of 2020, Management reach a conclusion on the Electrification project, based on the Auditors concern on the contract value that the contract value will be adjusted year on year as invoices are increasing. The tender document clearly states that the contract does not contain a contract value but does have a ceiling price of R45 000 000. Thus meant the estimated contract value will not be above R45m.

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

1. Management agrees with the finding and requests to adjust therefore finding will remain valid until such adjustment is made.
2. Management response noted however, the finding will remain until adjustments are made and the supporting invoices and payment voucher relating to the project are made.

Subsequently management made adjustments and the finding partially resolved with a remaining misstatement of R203 008.71.



Employee costs

23. COMAF 03: ISS. 10: No process to ensure that skills are transferred

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

The Municipality does not have a control system in place to ensure that skills are transferred to the municipality's employees in the divisions where outsourced services are utilized.

Cause

This is due to a lack of formulating and implementing processes and procedures by management to ensure that skills are transferred to the municipality's employees in the divisions where outsourced services are utilized.

Impact

This finding will result in a control deficiency and may be reported in both management report and audit report.

Internal control deficiency

Leadership

Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

Recommendation

Recommendation

Management should formulate and implement internal controls that will ensure that the skills are transferred to the municipality's employees in the division where outsourced services are utilized.

Management response



Management response

Management disagrees with the finding. Where services are outsourced, the service provider never work in isolation, they are always paired with a resource from the municipality. This ensures that valuable skills are transferred. For example, for the AFS compilation project, the municipal expenditure officials worked directly with the consultants on all components related to expenditure and creditors.

Name: R. Shuping
Position: CFO
Date: 18/10/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management response has been noted. However the finding remains valid based on inspection of the performance agreement of the MM submitted by the management.

24. COMAF 03: Iss.14 :Responsibilities of the accounting officer are not indicated in the performance agreement

Audit Finding

Requirement

In terms of Municipal Systems Act Section 57

(4A) the provisions of the Municipal Finance Management Act conferring responsibilities on the accounting officer of a municipality must be regarded as forming part of the performance agreement of a municipal manager

Nature

The responsibilities of the accounting officer were not indicated in the performance agreement of the municipal manager.

Cause

Management did not perform the completeness check on the performance agreement of the municipal manager to ensure that all responsibilities of the municipal manager have been included in the performance agreement as required by the Municipal Systems Act

Impact



Non-compliance with the Municipal Systems Act Section 57(4A)

Internal control deficiency

Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Recommendation

Management should ensure that they have controls in place to verify the completeness of the performance agreement of the municipal manager.

Management response

Management disagrees with the finding.

Name: R. Shuping

Position: CFO

Date: 18/10/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response has been noted. However the finding remains valid based on inspection of the performance agreement of the MM submitted by the management.

25. COMAF 03: Iss.15 :No evaluation panel for the municipal manager and senior managers

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:



The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

In terms of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 27(4) (d) and (e)

(d) For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established:

(I) Executive Mayor or Mayor;

(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;

(iv) Mayor and/or municipal manager from another municipality; and

(v) Member of a ward committee as nominated by the Executive Mayor or Mayor.

(e) For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be 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.

Nature

There is no evaluation panel that was established for the municipal manager and all senior managers.

Cause

This is due to a lack of establishment of an evaluation panel by the accounting officer and/or those charged with governance.

Impact

This will result in non-compliance with the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 27(4) (d) and (e)

Internal control deficiency

Control deficiency

Leadership

- Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls
- Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.



Recommendation

Recommendation

Management should ensure that an evaluation panel is established for the Municipal Manager and all Senior Managers.

Management response

Management response

Management agrees with the finding.

Name: R. Shuping
Position: CFO
Date: 18/10/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response has been noted, the finding remains valid.

26. COMAF 08: ISS.45 Differences between the schedules and the AFS

Audit Finding

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

Nature

When agreeing the schedules and the AFS, the following differences were identified:



No.	Details	Schedules in the audit file	AFS	Difference
1	Basic salaries	20 365 856.05	20 225 143.00	-140 713.05
2	Medical aid contribution	1 322 420.45	2 385 852.00	1 063 431.55
3	Pension fund contribution	2971070.91	4 999 045.00	2 027 974.09
4	Overtime	1 275 532.08	1 244 920.00	-30 612.08
5	Telephone Allowance	211 350.00	158 700.00	-52 650.00
6	Car allowance	460 055.47	736 094.00	276 038.53
7	Bonus	1 582 870.02	1 391 359.00	-191 511.02

Cause

Management did not review the financial information submitted to the auditors to ensure that the information is accurate and complete

Impact

This may result in some material misstatement and will be evaluated further for reporting on both management report and the auditor's report

Internal control deficiency

Internal Control Deficiency

Leadership

- Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Financial and performance management

- 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

Recommendation

Recommendation

Management should implement proper controls to ensure a thorough review of the annual financial statements and supporting schedules is conducted thereof before submission of the AFS for audit.

Management response

Employee Costs – Management partially agrees. The overall employee cost agrees to earnings and deductions. Differences identified in relation to the above stated employee cost line items are caused by transactions captured against employee cost SCOA Accounts and the integration when applying filters thereof. A detailed workbook has been included with the revised differences and the reasons. Management requests to adjust / propose journals to correct the movement that took place on the transactions captured against employee cost SCOA Accounts.



Revised differences:

Difference between Schedules and AFS					SCM Transactions	Overall Difference
No	Details	Schedules in the audit file	AFS	Difference		
1	Basic salaries	20,225,112.18	20,225,143.00	30.82		(30.82)
2	Medical aid contribution	1,177,954.79	2,385,852.00	1,207,897.21	68	44.47
3	Pension fund contribution	2,518,766.18	4,999,045.00	2,480,278.82	36	(0.46)
4	Overtime	1,400,091.38	1,401,315.00	1,223.62	.67	0.05
5	Telephone Allowance	158,700.00	158,700.00	0.00		-
6	Car allowance	724,177.69	736,094.00	11,916.31	.05	(6,830.26)
7	Bonus	1,382,397.95	1,391,359.00	8,961.05	.08	0.03

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response has been noted, however the finding will remain until the management perform the adjustments on the affected items under employee related costs

Subsequent to the adjustments made by the management on employee costs, the auditor still identified the difference with an amount of R623 620.55. Refer to the table below

After the adjustments				
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No.	Details	Schedules in the audit file	Adjusted AFS	Difference between Schedule and Adjusted AFS
1	Basic salaries	20 365 856.05	19 852 702.00	513 154.05
2	Medical aid contribution	1 322 420.45	1 034 932.00	287 488.45
3	Pension fund contribution	2971070.91	2971071	-0.09
4	Overtime	1 275 532.08	1 275 532.00	0.08
5	Telephone Allowance	158 700.00	158 700.00	0.00
6	Car allowance	194 111.04	288 735.00	-94 623.96
7	Bonus	1 582 870.02	1 665 268	-82 397.98
				623 620.55

27. ISS.114: Basic salaries - Limitation

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

During the audit of basic salaries, the auditor identified that the basic salaries of the following employees were above the and the auditors could not confirmed whether or not the employees received the notch increase. The request of information 47 relating to the notch increase on 23 November 2021 and was due on 25 November 2021. The cut-off letter was issued on 29 November 2021 and was due on 01 December 2021. Management failed to submit the requested information.

Information as per the payslip					Auditor's recalculation					Difference in percentage	Amount
Employee Number	Name	financial year end	Description	12 months Basic salary	Employee No	Employee Name	30 June 2020 Basic salary	31 July 2020 Basic salary	Recalculation of % increase		
C102		30-Jun-21	Salaries	8 175 .00	C102		0.00	0	0.00	0.06	490.5
4026	GI JAS	30-Jun-21	Salaries	208 489 .80	4026	GI JAS	12 534 .43	1363 6.9	0.09	-0.03	- 5828 .4
1077	J. Thomas	30-Jun-21	Salaries	283 486 .62	1077	J. Thomas	21 625 .22	2352 9.96	0.09	-0.03	- 7960 .18
4034	J JOSEPH	30-Jun-21	Salaries	231 454 .56	4034	J JOSEPH	16 270 .60	1928 7.51	0.19	-0.13	- 2902 9.2
4009	D JACOBS	30-Jun-21	Salaries	244 892 .28	4009	D JACOBS	19 207 .24	1928 7.51	0.00	0.06	1367 0.09
4010	C JONES	30-Jun-21	Salaries	171 598 .68	4010	C JONES	13 142 .83	1429 9.89	0.09	-0.03	- 4811 .17
1053	C TALLIES	30-Jun-21	Salaries	248 492 .28	1053	C TALLIES	18 756 .80	2040 7.69	0.09	-0.03	- 6961 .65

Cause

Management did not submit the information of the employees that received notch increase.
Impact

That will result in limitation finding with an extrapolated amount of R756 509.56

Internal control deficiency**Internal control deficiency****Leadership**

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Recommendation

Recommendation

Management should ensure that they comply with the engagement letter by submitting information to the auditors within the time frames indicated in the engagement letter.

Management response

Management does not agree. Information is available.

Name: Radiile Shuping
Position: AMM
Date: 10/02/2022

Name:

Position:

Date:

Auditor's conclusion

Management response has been noted. However, the finding remains valid as the information was not made available to the auditors during the above indicated deadlines.

28. ISS.127: Incorrect determination of the councillors remuneration

Audit Finding

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Nature

During the audit of the remuneration of councilors, it was confirmed the remuneration of councilor was incorrectly determined. The amount paid to the councilors was different from the amount that should have been paid as per the Government Notice 475. Refer to the differences below



No	Name & Surname	Annual remuneration package as per the Notice 475 (A)	Period of serving as a councilor (in months) (B)	A/12 *B	Telephone Allowance	Total remuneration for the year (C)	Name & Surname	No. of pay slips aggregated	Annual salary	Telephone allowance	Transport allowance	Back pay	Total remuneration (D)	Difference between Government Notice and payslip
2	S. Swartling	255 091.00	12	25 091.00	44 400.00	299 491.00	B Swartling	12	32 736 6.96	44 400.00	0.00	0.00	371 766.96	72 275.96
3	B Tshangela	255 091.00	5	10 287.92	18 500.00	124 787.92	B Tshangela	5	11 445 0.19	18 500.00	0.00	0.00	132 950.19	8 162.27
4	J Tallies	255 091.00	12	25 091.00	44 400.00	299 491.00	J Tallies	12	32 736 0.00	44 400.00	0.00	0.00	371 760.00	72 269.00
5	R Ngxabazi	359 743.00	12	35 974 3.00	44 400.00	404 143.00	R Ngxabazi	12	29 725 1.96	44 400.00	0.00	82 8.99	342 480.95	(61 662.05)
6	H Brits	255 091.00	12	25 091.00	44 400.00	299 491.00	H Brits	12	22 079 9.92	44 400.00	54 911.04	0.00	325 390.96	25 899.96
8	VS Doloopi	255 091.00	7	14 880 3.08	25 900.00	174 703.08	VS Doloopi	7	19 096 4.06	25 900.00	0.00	0.00	216 864.06	42 160.98
														159 106.12

No	Name & Surname	Annual remuneration package as per the Notice 475 (A)	Period of serving as a councillor (in months) (B)		Telephone Allowance	Total remuneration for the year (C)	No	Name	Salary	Back pay	Medical aid	Travel allowance	Basic salary	Telephone allowance	Total (E)	Difference between the government Gazzet and the schedule
1	B Mpamba	806 066.00	12	8 066.00	44 400.00	850 466.00	1	B Mpamba	806 066.00	-	44 758.80	-	850 824.84	4 400.00	895 224.84	(44 758.84)
2	S. Swartling	255 091.00	12	2 550.91	44 400.00	299 491.00	2	B Swartling	327 366.96	-	-	-	327 366.96	4 400.00	371 766.96	(72 275.96)
3	B Tshangela	255 091.00	5	1 062.87	18 500.00	124 787.92	3	B Tshangela	114 450.19	-	-	-	114 450.19	1 850.00	132 950.19	(8 162.27)
4	J Tallies	255 091.00	12	2 550.91	44 400.00	299 491.00	4	J Tallies	327	-	-	-	327	4 400.00	371	(72

				0 9 1. 0 0					36 6.9 6				7 3 6 6. 9 6	400 .00	1 76 6.9 6	275.9 6)	
5	R Ng xab azi	359 743. 00	12	3 5 9 7 4 3. 0 0	44 400 .00	404 143. 00	5	R Ng xab azi	2 97 25 1.9 6	8 28.9 9	45 014.40	-	3 4 3 0 9 5. 3 5	4 4 400 .00	38 7 49 5.3 5	16 647.6 5	
6	H Brit s	255 091. 00	12	2 5 5 0 9 1. 0 0	44 400 .00	299 491. 00	6	H Brit s	2 26 07 9.9 2	-	43 279.04	54 911.0 4	3 2 4 2 7 0. 0 0	4 4 400 .00	36 8 67 0.0 0	(69 179.0 0)	
7	P Na ud e	255 091. 00	4	8 5 0 3 0. 3 3	14 800 .00	99 830. 33	7	P Na ud e	85 03 0.3 2	-	10 344.00	-	9 5 3 7 4. 3 2	1 4 800 .00	11 0 17 4.3 2	(10 343.9 9)	
8	VS Dol opi	255 091. 00	7	1 4 8 8 0 3. 0 8	25 900 .00	174 703. 08	8	VS Dol opi	1 90 96 4.0 6	-	-	-	1 9 0 9 6 4. 0 6	2 5 900 .00	21 6 86 4.0 6	(42 160.9 8)	
9	CR Gu est	255 091. 00	8	1 7 0 0 6 0.	29 600 .00	199 660. 67	9	CR Gu est	1 70 06 0.6 4	-	-	-	1 7 0 0 6 0.	2 9 600 .00	19 9 66 0.6 4	0.03	

				6										6					
				7										4					

Cause

Management did not implement comply with the government notice 475 that was issued on 24 April 2020 by the Minister for Corporate Governance and Traditional Affairs
Impact

This will result in an in overstatement of councilors remuneration by a factual amount of R 302 509.32.

That will also result in irregular expenditure of R302 509.32

Internal control deficiency

Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls

Financial and performance management

Implement controls over daily and monthly processing and reconciling transactions

Recommendation

Recommendation

Management should ensure that the proper review is done in determination of the councilor's remuneration and should be up to date with the Notices issued and may affect the municipality's operation

Management response

Management response

The Municipality would like to confirm that we take note of issue 127 as raised by the Auditor General and can confirm that we met with Mr. Masande on the 7th and 8th February 2022 to discuss the matter that was raised.

The Municipality also noted that Mr. Masande classified the following councilors as normal councilors as per schedule:

1. Ms S. Swartling
2. Mr B. Tshangela
3. J. Tallies
4. H. Britz
5. P. Naude`
6. VS Dolopi
7. CR Guest



We can further confirm that his observation of the Mayor is correct. However, please note that the schedule indicated that Ms. R. Mgxabazi is the speaker and this incorrect.

Please be informed that we were a plenary executive council system for the 2020/2021 financial year and did not have an elected speaker. The elected Mayor by than was referred to as both the speak and the Mayor.

Please be informed that a Council meeting was convened on the 4th February 2021 and elected the following Councilors as section 79 Chairpersons.

The following table indicates the allowances Councilors received between the period of July 2021 and June 2021:

The matter refers to issue 127 of Communication 22

Brenda Mpamba – 2020 - Mayor			
	Monthly Allowances Paid 2020/2021	Cell Phone Allowances	Difference Identified –(Medical Aid)
July 2020	67 172.17	3700.00	3 612.00
August 2020	67 172.17	3700.00	3 612.00
September 2020	67 172.17	3700.00	3 612.00
October 2020	67 172.17	3700.00	3 612.00
November	67 172.17	3700.00	3 612.00
December 2020	67 172.17	3700.00	3 612.00
January 2020	67 172.17	3700.00	3 847.80
February 2021	67 172.17	3700.00	3 847.80
March 2021	67 172.17	3700.00	3 847.80
April 2021	67 172.17	3700.00	3 847.80
May 2021	67 172.17	3700.00	3 847.80
June 2021	67 172.17	3700.00	3 847.80

Total	806 066.00	44 400.00	44 758.84	895 224.84 – As declared in the AFS
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Silvia Swartling – 2081 – Chairperson for MPAC		
	Monthly Allowances	Cell Phone Allowances
July 2020	27 280.58	3700.00
August 2020	27 280.58	3700.00
September 2020	27 280.58	3700.00
October 2020	27 280.58	3700.00
November	27 280.58	3700.00
December 2020	27 280.58	3700.00
January 2020	27 280.58	3700.00
February 2021	27 280.58	3700.00
March 2021	27 280.58	3700.00
April 2021	27 280.58	3700.00
May 2021	27 280.58	3700.00
June 2021	27 280.58	3700.00



Total	327 366.96	44 400.00
Declared total on AFS (Correct total)		371 766.96

Councilor B. Tshangela – 2078 – Chairperson for Infrastructure and Technical Services		
	Monthly Allowances	Cell Phone Allowances
July 2020	27 280.58	3 700.00
August 2020	27 280.58	3 700.00
September 2020	27 280.58	3 700.00
October 2020	5 327.87	3 700.00
November 2020	27 280.58	3 700.00
Total	114 450.19	18 500.00
Declared total on AFS (Correct total)		132 950.00

Councilor Tallies – 2081 – Chairperson Technical Services and Infrastructure		
	Monthly Allowances	Cell Phone Allowances
July 2020	27 280.58	3700.00
August 2020	27 280.58	3700.00
September 2020	27 280.58	3700.00
October 2020	27 280.58	3700.00
November	27 280.58	3700.00
December 2020	27 280.58	3700.00
January 2020	27 280.58	3700.00

February 2021	27 280.58	3700.00
March 2021	27 280.58	3700.00
April 2021	27 280.58	3700.00
May 2021	27 280.58	3700.00
June 2021	27 280.58	3700.00
Total	327 366.96	44 400.00
Declared total on AFS (Correct total)		371 766.96

Cllr R. Ngxabazi – E034 – Chairperson for MPAC			
	Monthly Allowances	Cell Phone Allowances	Medical Aid
July 2020	27 280.58 (MPAC – chairperson)	3700.00	3 633.00
August 2020	27 280.58 (MPAC - chairperson)	3700.00	3 633.00
September 2020		3700.00	3 633.00

	27 280.58 (MPAC - chairperson)		
October 2020	27 280.58 (MPAC - chairperson)	3700.00	3 633.00
November	27 280.58(MPAC - chairperson)	3700.00	3 633.00
December 2020	27 280.58 (MPAC - chairperson)	3700.00	3 633.00
January 2020	27 280.58 (MPAC - chairperson)	3700.00	3 869.40
February 2021	21 257.58 (Removed as MPAC – chairperson)	3700.00	3 869.40
March 2021	21 257.58 (Removed as MPAC – chairperson)	3700.00	3 869.40
April 2021	21 257.58 (Removed as MPAC – chairperson)	3700.00	3 869.40
May 2021	21 257.58 (Removed as MPAC – chairperson)	3700.00	3 869.40
June 2021	21 257.58 (Removed as MPAC – chairperson)	3700.00	3 869.40
Total	297 251.96	44 400.00	45 014.40
297 251.96 + 44 400.00 + 45 014.40 + 828.99 (Salary Back Pay)			387 495.35 (As declared on AFS. No difference picked up.)

Cllr H. Britz – 2081 – Ordinary Councilor			



	Monthly Allowances	Cell Phone Allowances	Transport	Medical Aid
July 2020	20 381.66	3700.00	4 575.92	3 700.80
August 2020	20 381.66	3700.00	4 575.92	3 700.80
September 2020	20 381.66	3700.00	4 575.92	3 700.80
October 2020	20 381.66	3700.00	4 575.92	3 700.80
November	20 381.66	3700.00	4 575.92	3 700.80
December 2020	20 381.66	3700.00	4 575.92	2 467.20
January 2020	20 381.66	3700.00	4 575.92	3 849.60
February 2021	16 681.66	3700.00	4 575.92	3 059.84
March 2021	16 681.66	3700.00	4 575.92	3 849.60
April 2021	16 681.66	3700.00	4 575.92	3 849.60
May 2021	16 681.66	3700.00	4 575.92	3 849.60
June 2021	16 681.66	3700.00	4 575.92	3 849.60
Total	226 079.04	44 400.00	54 911.04	43 279.04
226 079.04 + 44 400.00 + 54 911.04 + 43 279.04			368 670.00 – As declared in the annual financial statements	

Cllr P. Naude - 2071– Ordinary Councilor			
	Monthly Allowances	Cell Phone Allowances	Medical Aid
July 2020	21 257.58	3700.00	2 586.00
August 2020	21 257.58	3700.00	2 586.00
September 2020	21 257.58	3700.00	2 586.00
October 2020	21 257.58	3700.00	2 586.00
Total	85 030.32	14 800.00	10 344.00
85 030.32 + 14 800.00 + 10 344.00			110 174.32

Cllr C. Guest – E360 - Ordinary Councilor			
	Monthly Allowances	Cell Phone Allowances	Medical Aid
Nov 2020	21 257.58	3700.00	None
Dec 2020	21 257.58	3700.00	None
Dec 2020	21 257.58	3700.00	None
Jan 2021	21 257.58	3700.00	None
Feb 2021	21 257.58	3700.00	None
March 2021	21 257.58	3700.00	None
April 2021	21 257.58	3700.00	None

May 2021	21 257.58	3700.00	None
June 2021	21 257.58	3700.00	None
Total			
			R110 174.32 – As declared in the AFS.

Cllr Dolopi – 4112 – Chairperson for Corporate Services Committee		
	Monthly Allowances	Cell Phone Allowances
December 2020	27 280.58	3700.00
January 2020	27 280.58	3700.00
February 2021	27 280.58	3700.00
March 2021	27 280.58	3700.00
April 2021	27 280.58	3700.00
May 2021	27 280.58	3700.00
June 2021	27 280.58	3700.00
Total	190 964.06	25 900.00
Declared total on AFS (Correct total)		216 864.06

Name: Radiile Shuping
 Position: AMM
 Date: 10/02/2022

Name:



Position:

Date:

Auditor’s conclusion

Auditor’s conclusion

The finding is not fully resolved based on the following considerations:

- The management provided information and the part of the councillors remuneration was subsequently resolved
- Management did not provide information to prove that councilors are entitled to medical aid benefits. Therefore this part of the finding remains and will be result in an irregular expenditure of R143 395

General IT controls

29. COMAF 01 :ISS.04 IT: Internal control deficiencies

Audit Finding

Requirements

Section 62(1) (c) (l) of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Nature

There is no controls in place for the general IT controls in the municipality, from the IT Governance policy to preventative measures around the IT system.

The following was confirmed to not be in place as specified below:

FOCUS AREA
IT GOVERNANCE
The municipality does not have the approved IT Governance Framework, that gives due considerations to the risks (risk management), adequate processes and controls to ensure IT value and improved service delivery (value delivery), been established.



The municipality does not have the approved IT strategic plan that supports business requirements and which ensures that IT spending remains in line with the approved IT strategic plan
The municipality does not have the organizational structure of the IT function / department to confirm whether the Head of its roles has been indicated and ensure that his/her responsibilities have been defined within a job description. (IT Manager, Head of IT etc.)
The municipality does not have the approved IT Steering Committee (or similar group).
The municipality does not have IT Risk/Control Assessments performed
SECURITY MANAGEMENT
The municipality does not have the approved IT security policy to ensure data confidentiality, integrity and availability.
The municipality does not have the antivirus software installed to prevent the system from being infected by viruses, worms, etc.
The municipality does not have a patch management software installed to ensure up-to-date security of all systems.
USER ACCESS MANAGEMENT
The municipality does not have a formally documented and approved process (Approved standards and procedures /guidelines on how users are created on the system) that is used to manage the process of granting users access (access control) to all systems.
The municipality does not have a formal access request documentation being completed and approved by management for: <ul style="list-style-type: none"> - registering users, - changing access rights, - password resets and - termination of access on all financial / performance information systems
The municipality does not have a formally documented process in place to ensure that users' access and privileges on all financial systems are periodically reviewed to confirm that such access and privileges are still commensurate with their job responsibilities/UAM policy
The municipality does not have a formally documented process in place for the independent reviews of activities of the person responsible for granting users access to the network, application systems and performance reporting systems/UAM policy

The municipality does not have each username linked to a specific user (uniquely identifiable to determine accountability)/(Lists of active users on the systems indicating employee name and username)
PROGRAM CHANGE MANAGEMENT
The municipality does not have a formally documented and approved processes in place to manage upgrades/updates made to all financial / performance information systems/(Approved standards and procedures/guidelines on how changes and upgrades to packages systems are to be handled)
The municipality does not ensure that an upgrade/update is made to these systems, is formal change request documentation completed indicating the change to be made and the reasons for all changes to the financial systems./(Examples of change request documentation with management approval)
The municipality do not have vendors that have access to the production (live) environment
IT SERVICE CONTINUITY
The municipality did not implement the backup and retention strategy. Approved backup and retention strategy (Backup standards and procedures)
The municipality do not have an approved disaster recovery plan (DRP) that include all systems (network, financial and performance reporting systems).

Cause

This is due to lack of oversight by management and other reasons that management may indicate as to why there are no controls around IT governance.

Impact

This may results in significant control deficiency that may be reported in both management and auditors report.

Internal control deficiency

Control deficiency

Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance.

Recommendation

Recommendations

Management should have IT general controls in place



Management response

Management response

Management disagrees with the finding. Measures were implemented to address the findings, however, progress report was not updated.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 17 September 2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted however auditors cannot conclude appropriateness of response as no evidence was provided to them on the progress updated. Auditors based their conclusions on the information that was submitted by management in RFI 1 of 2021.

Based on the above, finding will remain as no updated progress report was submitted with the response of the issue raised. This will be evaluated further for reporting in the management report and/or audit report.

Heading 1

30. COMAF 01 :ISS.01 Budget not allocated to IDP strategic objectives-Recurring finding

Audit Finding

Requirements

Section 36 of the Municipal Systems Act no. 32 of 2000 states that:

"A municipality must give effect to its integrated development plan and conduct its affairs in a manner which is consistent with its integrated development plan."

Section 21(2) (a) of the Municipal Finance Management Act no. 56 of 2003 states that:

"When preparing the annual budget, the mayor of a municipality must take into account the municipality's integrated development plan"



Paragraph 6(a) and (b) of the municipal planning and performance management regulations 2001, states that:

"A municipality's integrated development plan must inform the municipality's annual budget that must be based on the development priorities and objectives referred to in section 26(c) of the Act and the performance targets set the municipality in terms of regulation 12 and be used to prepared action plans for the implementation of strategies identified by the municipality."

Nature

During the planning phase of the audit it was identified that the municipality's annual budget for the year ended 30 June 2021 is not broken-down into the municipality's strategic objective and development priorities.

The results of not allocating the budget to the strategic objective and development priorities also hinder the ability to perform further procedures.

The budget indicated as aligned to the objectives as per IDP is for the 2018/19 financial year, this clearly indicate that the IDP was not revised.

In addition the budget has not been approved by Treasury, as such it is an unfunded budget.

Cause

Lack of review by management and plan with regard to budget allocation to ensure that is prepared to align with the strategic objective and development priorities of the municipality.

Impact

This will results in limitation of scope as auditors were unable to determine the amounts budgeted for each of the municipality's strategic objectives.

Furthermore possible material non-compliance with Section 36 of the Municipal Systems Act no. 32 of 2000, Section 21(2)(a) of the Municipal Finance Management Act no. 56 of 2003 and Paragraph 6(a) and (b) of the Municipal planning and performance management regulations 2001.

Internal control deficiency

Control deficiency

Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Recommendations

Management must ensure that appropriate measures are in place to ensure that the municipality's annual budget is prepared in accordance with the municipality's strategic objectives and development priorities.

This is a recurring finding and indicate that management did not implement the audit action plan and consider AGSA recommendations.

Management response

Management response

Management disagrees, further request engagements with the auditors on this issue.



Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted. Further engagements can be arranged with the auditors. Kindly liaise with Pollok/ Siphokazi by the 30th September 2021.

Management has further discussion with the auditors; however the support submitted was not adequate. The finding remains.

31. COMAF 01 :ISS.03 Audit Action plan-slow progress of implementation of corrective measures

Audit Finding

Requirements

Section 62(1) (c) of the Municipal Finance Management Act (MFMA) (with regard to general financial management functions) states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems

- I) of financial and risk management and internal control; and
- ii) Of internal audit operating in accordance with any prescribed norms and standards

Section 131(1) of the Municipal Finance Management Act (MFMA) (with regard to issues raised by Auditor-General in audit reports) states that:

A municipality must address any issues raised by the Auditor-General in an audit report. The mayor of a municipality must ensure compliance by the municipality with this subsection.

Section 131(2) (a) of the Municipal Finance Management Act (MFMA) states that:

The MEC for local government in the province must assess all annual financial statements of municipalities in the province, the audit reports on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor-General in audit reports; and

(b) Report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.

Nature



The municipality failed to implement the audit action plan of the findings raised in prior year, no indication in audit action plan of corrective measures and period on when the municipality is planning to address such issues.

Cause

Management failed to implement controls in place to ensure that the prior year findings identified by the AGSA are addressed and proper controls are in place to prevent recurring findings.

Impact

This will results in non-compliance with section 131(1) of the Municipal Finance Management Act and may be reported in both management and auditor's report based on further evaluation. This will also potentially result in repeat findings from the prior year.

Internal control deficiency

Leadership

Management did not develop and monitor the implementation of action plans to address internal control deficiencies.

Governance

Management must ensure that there is an adequately resources and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively.

Recommendation

Recommendations

Management should ensure that the issues identified by the AGSA are addressed to comply with the requirement of the MFMA, the action plan should clearly state what is the corrective measure in place and when is management planning to implement such measure.

Management response

Management response

Management disagrees with the finding. Measures were implemented to address the findings, however, progress report was not updated.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 17 September 2021

Name:

Position:

Date:



Auditor's conclusion

Auditor's conclusion

Management response noted however auditors cannot conclude appropriateness of response as no evidence was provided to them on the progress updated. Auditors based their conclusions on the information that was submitted by management in RFI 1 of 2021.

Based on the above, finding will remain as no updated progress report was submitted with the response of the issue raised. This will be evaluated further for reporting in the management report and/or audit report.

32. COMAF 01 : ISS.05 Non-compliance - AFS and APR not submitted by 31 August 2021

Audit Finding

Requirements

In terms of section 126(1)(a) of the Municipal Finance Management Act 56 of 2003 (MFMA), the accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.

In terms of section 133(1) (b) of the Municipal Finance Management Act, if the accounting officer of a municipality fails to submit financial statements to the Auditor-General in accordance with section 126(1), the Auditor-General must promptly inform the speaker of the council, the National Treasury and the MEC for local government and the MEC for finance in the province of such failure and issue a special report on the failure to the relevant provincial legislature.

Nature

The municipality failed to submit the Annual Financial Statements and the Annual Performance reported within the prescribed period of two months after year end

Cause

Management failed to appoint the consultants to prepare the Annual financial statement on time.

Impact

This finding will results in non-compliance with the prescribed legislation and will be reported in both management and auditor's report

Internal control deficiency

Leadership

Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Recommendation

Recommendation



Management should ensure that they prepare the Annual financial statements and Annual Performance Report of the municipality on time to ensure to that they comply with applicable legislations.

Management response

Management response

Management agrees with the finding.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 17 September 2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management agrees with the finding therefore finding remains and will be evaluated further for reporting in the management and audit report of the municipality.

33. COMAF 02 : ISS.08 : Consequence management : No Investigations done on UIFW

Audit Finding

Requirement:

Section 62(1) (c) Municipal Finance Management Act states:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; and

Of internal audit operating in accordance with any prescribed norms and standards

Section 4(1) of the MFMA- Municipal regulation on financial misconduct states that:

A municipal council or board of directors of a municipal entity must establish a disciplinary board to investigate allegations of financial misconduct in the municipality or municipal entity, and to monitor the institution of disciplinary proceedings against an alleged transgressor.

Section 4(2) of the MFMA-Municipal regulation on financial misconduct states that:

A disciplinary board is an independent advisory body that assists the council or the board of directors with the investigation of allegations of financial misconduct, and provide



recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.

Section 4(3) of the MFMA- Municipal regulation on financial misconduct states that:

A disciplinary board must consist of maximum five members appointed on a part- time basis by the council or board of directors for a period not exceeding three years, in accordance with a process as determined by the municipal council or board of directors.

In terms of MFMA section 32(2):-A municipality must recover unauthorized, irregular or fruitless and wasteful expenditure from

The person liable for that expenditure unless the expenditure—

a) In the case of unauthorized expenditure, is—

i. authorized in an adjustments budget; or

ii. certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and

b) In the case of irregular or fruitless and wasteful expenditure, is, after investigation by a Council committee, certified by the council as irrecoverable and written off by the council.

Financial Misconduct reg 4(5) (d), (e) and (f)

The following persons are disqualified from membership of the disciplinary board:

d) The accounting officer of a municipality or municipal entity

e) A political office bearer or member of a board of directors

f) A person who is an office bearer in a political party

Nature

During obtaining understanding of the entity and its operations the following were noted:

1. The municipality has not investigated Irregular expenditure, unauthorized expenditure and fruitless and wasteful expenditure that was identified in the current and prior year.
2. The municipality does not have a committee in place to investigate the financial misconduct.

Cause

This is due to lack of management oversight.

Impact

This is non - compliance with applicable regulations and will be evaluated further and reported in management and/or auditor's report.

Internal control deficiency

Leadership

Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.



Recommendation

Recommendation

Management should design and implement policies and procedures to ensure that the municipality complies with the relevant legislations and investigations take place when necessary to promote consequence management.

Management response

Management response

1. Management disagrees with the finding. Irregular and fruitless and wasteful expenditure were reported to the Municipal Public Accounts Committee. Such expenditure was investigated by MPAC and a final recommendation made to Council by the same Committee.
2. Management agrees with the finding.

Name: R. Shuping
Position: CFO
Date: 18/10/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

1. Management's response has been noted. RFI 16 of 2021 has been issued requesting investigation reports done by MPAC. The municipality confirmed that they do not have investigation reports. The finding therefore remains valid.
2. Management agreed with the finding. The finding remains valid.

34. PARTIALLY RESOLVED: COMAF 04: ISS. 09: Control Deficiency: Completeness of policies

Audit Finding



Section 62(1) (b) of the Municipal Finance Management Act (MFMA) states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

Nature

During the audit it was identified that the following policies that were in place in prior year were not revised or submitted in the current year:

Appointment of temporary employees policy
Infrastructure procurement and delivery management policy
Subsequent events policy
Subsistence and travelling policy
Policy on unauthorized , irregular and fruitless and wasteful expenditure
Chart of accounts policy
Leave policy

Cause

Lack of review and monitoring by management against policies that should be in place.

Impact

This will results in control deficiency and may be reported in both management and auditor's report based on further evaluation.

Internal control deficiency

Leadership

Management failed to establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.

Recommendation

Recommendations

Management should provide reason as to why policies that were in place in prior year are not implemented in the current year under review and ensure all policies implemented are submitted to AG for audit.

Management response

Management response

Partially agree, however do not agree with the following:

- Infrastructure procurement and delivery management policy
- Subsequent events policy
- Chart of accounts policy

The infrastructure procurement and delivery management policy now forms part of the Supply Chain Management policy.



The Subsequent events policy was not adopted because the municipality did not anticipate any Subsequent events for the year. Also refer to the AFS page 4 that states:

"3. Subsequent events

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

The Chart of accounts policy was adopted, please refer to attached Council resolution "Annexure 7 General ledger chart of accounts policy"

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 26/10/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted, furthermore the auditor agree with the response. Therefore the finding is partially resolved.

35. COMAF 02 : ISS.25 : Consequence management business process - No progress on action plan

Audit Finding

Requirement

Section 62(1) (c) of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control and of internal audit operating in accordance with any prescribed norms and standards.

Nature

Through inspection of the 2020 audit action plan, it was identified that there was no progress on the monitoring of the recommendations for risks identified by the auditors identified the same issues in the year ended 30 June 2021. The following was noted:



- No investigation reports for the UIFW incurred in the prior year
- No disciplinary board

Cause

Management lack of oversight to monitor the progress of audit action plan and implementation of the audit action plan.

Impact

This is non-compliance with applicable legislation as management should monitor the progress of the audit action plan and implement, and may be included in management report.

Internal control deficiency

Leadership

Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.

Recommendation

Recommendation

Management should set the period to implement the audit action plan and monitor the progress of such target.

Management response

Management response

Management agrees with the finding.

Name: R. Shuping

Position: CFO

Date: 18/10/2021

Name:

Position:



Date:

Auditor’s conclusion

Auditor’s conclusion

Management agreed with the finding. The finding remains valid.

36. COMAF 08: ISS.46: Understatement of expenditure and creditors

Audit Finding

Requirements

Section 62(1)(c) of Municipal Finance Management Act(MFMA)states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

GRAP 1 paragraph 31 states that an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

Nature

During the audit to confirm the process of capital assets and inventory it was identified that the following payment processed was not recorded on accrual basis as the payment was only recorded at payment date and not on the earlier of invoice or payment as required:

Information as per General Ledger

PostingLevelParent	TransactionDate	Transaction Details	Credit	VendorName
	2021/04/02	EFT 2021035001 TLOTLO-THLAGO PLANT HIRE	-49 4467,04	TLOTLO- TLHAGO PLANT HIRE

Payables and Accruals

Cause

Lack of review and implementation by management of applicable financial framework

Impact

This will results in a non-compliance with the GRAP standard, this impact may be reported in both management and auditor's report based on further evaluation.

Internal control deficiency

Control deficiency

Management failed to prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Furthermore management failed to review and monitor compliance with applicable legislation



Recommendation

Recommendations

Management should ensure that applicable standard or framework is applied throughout the year for recording and processing of transactions not only during the preparation of the financial statements.

Management response

Management response

Management disagrees with the finding. The invoice was raised (31/03/2021, GL Document 15_1152) prior to payment, and later paid.

Name: R. Shuping
Position: CFO
Date: 18/11/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted, however the finding remain valid as there is a risk that expenditure incurred towards year end is not recorded, management first processed the payment on 31 March 2021, then recognize the expenditure on 02 April 2021, refer to document attached.

37. COMAF 15: ISS.96 :Current year unauthorized expenditure calculated incorrectly

Audit Finding

Requirement

Section 63(2) of the Municipal Finance Management Act 56 of 2003 states that the accounting officer must take all reasonable steps to ensure:

(a) That the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality

Through inspection of the Schedule of unauthorized expenditure and the AFS, the following differences were noted:



Actual expenditure as per the AFS for the 2020/21 year	Actual Expenditure as per the Unauthorized expenditure schedule for the 2020/21 year.	Difference:
R112 352 749,00	R75 244 465,16	R37 108 283,84

It was further confirmed that the schedule of unauthorized expenditure used to calculate the unauthorized expenditure for the year is not accurate, therefore resulting in the reported unauthorized expenditure in the current year being incorrect. No further audit work could therefore be done as the schedule of unauthorized expenditure could not be used as a source of audit evidence.

Cause

Incorrect expenditure amounts were used to calculate the current year unauthorized expenditure.

Impact:

Limitation of scope on the unauthorized expenditure of R10, 625,564.

Internal control deficiency

Financial and performance management

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.

Recommendation

Recommendation

Management should ensure that correct amounts are used when calculating unauthorized expenditure.

Management response

Management agrees, the reason for the difference are due to the journals that was not processed on the system TB and duplication of another journal as previously communicated to the AG, management request to adjust the unauthorized with final TB after all audit adjustments have been made.

Name: Radiile Shuping

Position: Acting MM

Date: 02/02/2022

Name:

Position:

Date:

Auditor's conclusion



Management response noted and management agrees with the finding. The finding remains valid until the adjusted AFS have been submitted for audit

Management submitted the adjusted annual financial statement and schedule, however we confirmed that the adjustment made was incorrect. The adjusted schedule and annual financial statement submitted by management for unauthorized expenditure does not agree, therefore the auditors are limited to confirm the balance of unauthorized expenditure. Refer to the work below:

Actual expenditure as per the AFS for the 2020/21 year	Actual Expenditure as per the Unauthorized expenditure schedule for the 2020/21 year.	Difference:
R68 308 364,30	R15 251 605,00	R53 056 759,30

Based on audit work done, the auditor is limited to confirm the unauthorized expenditure. Therefore, the auditor will revert to the original issue and the issue remains valid

38. COMAF 20: ISS:ISS.118: Irregular expenditure : Opening balances misstatements and limitation

Audit Finding

Requirement

MFMA 56 of 2003 stipulates the following:

62. General financial management functions.—(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

- a. that the resources of the municipality are used effectively, efficiently and economically;
- b. that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
- c. that the municipality has and maintains effective, efficient and transparent systems—
 - i. of financial and risk management and internal control; and
 - ii. of internal audit operating in accordance with any prescribed norms and standards;
 - iii. that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented;
 - iv. that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15; and

2. The accounting officer is responsible for and must account for all bank accounts of the municipality, including any bank account opened for—



- (a) any relief, charitable, trust or other fund set up by the municipality in terms of section 12; or
- (b) a purpose referred to in section 48 (2) (d).

Nature

The irregular register as submitted by the municipality did not include the full listing of the transactions included in the opening balance of R127 885 446.

Management did not implement controls to ensure that a complete register was submitted with the annual financial statements that includes the opening balance and a breakdown of all past payments that are included in the opening balance.

Impact

A limitation of scope in the audit of Irregular expenditure.

Internal control deficiency

Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management should record all the irregular expenditure transactions incurred in the prior financial years that form part of the opening balance in the register to ensure that the register is accurate and complete. The corrected register must then be submitted for audit purposes

Management response

During the 2019/2020 financial year, irregular expenditure was identified that related to 2017/2018 to the amount of R5 798 038. This was incorrectly disclosed in the 2019/2020 AFS as comparative for 2018/2019 and not 2017/2018 (opening balance for 2018/2019) and was thus the R133 683 484. In 2019/2020 the auditors raised this as a finding. In 2020/2021 we corrected this by removing the R5 798 038 from 2018/2019 in the closing balance of R133 683 484 which resulted in 2018/2019 having a closing balance of R127 885 446. The R5 798 038 was included in the correct year it was identified which was 2019/2020.



Name: Radiile Shuping
 Position: AMM
 Date: 08/02/2022

Name:
 Position:
 Date:

Auditor’s conclusion

Management response noted however based on management’s explanation above this further then gives rise to a presentation and disclosure issue as management has incorrectly disclosed irregular relating to 2017/18 as a separate line item relating to 2019/20 financial period. This should form part of the opening balance.

In addition, the management comment does not address the limitation of scope relating to opening balance that has been previously reported in the prior years and does not address or indicate whether management revisited the population.

Leases

39. Iss.132: Finance lease obligation: Current portion of Finance lease obligation have been understated

Audit Finding

Requirements

MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003

62. General financial management functions.—(1) the accounting officer of a municipality is Responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

During the testing of Finance lease obligation, the following differences were noted:

Item			Auditors Recalculation			
------	--	--	---------------------------	--	--	--



	Present value of Minimum lease payments	Present value of Minimum lease payments	Non-current portion: Present value of the Minimum lease payments	Difference	Current portion : Present value of the Minimum lease payments	Difference
CELLPHONE (351594092309971) (0829070384)	3 276,11	5 315,00	3 734,09	- 457,98	5 286,99	28,00
CELLPHONE (351594092383758) (0829069674)	3 276,11	5 315,00	3 734,09	- 457,98	5 286,99	28,00
CELLPHONE (351594093408919) (0664697438)	-	1 382,10	-	-	2 090,69	- 708,58
PHOTO COPY MACHINE (CN7BNGY03M)	22 251,07	32 360,20	22 246,36	4,70	32 312,12	48,08
PHOTO COPY MACHINE (CN7BNGY03D)	22 251,07	32 360,20	22 246,36	4,70	32 312,12	48,08
PHOTO COPY MACHINE (CN73AFY033)	22 251,07	32 360,20	22 246,36	4,70	32 312,12	48,08
PHOTO COPY MACHINE (W3079100472)	15 603,98	15 603,98	15 603,98	- 0,00	32 875,50	-17 271,53
Total						- 17 779,86

Management do not have adequate controls in place to ensure that the supporting schedules relating to the Finance lease obligation are accurate and valid.

Current portion of the Finance lease obligation has been understated and the expenditure relating to Nashua has been understated with R43 690.90. The finding will result in a disagreement misstatement.

Internal control deficiency

Financial and performance management

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Recommendation

It is recommended that management reviews the schedules before disclosing the amounts in the AFS, to ensure that the accurate figures are recorded in the AFS.



Management response

Management agrees.

Name: Radiile Shuping
Position: AMM
Date: 10/02/2022

Name:

Position:

Date:

Auditor's conclusion

Management response acknowledged. The finding remains valid as management agreed to the finding.

Movable assets

40. COMAF 08: ISS.47: Control deficiencies over assets management(Value Add)

Audit Finding

Requirements

Section 62(1)(c) of Municipal Finance Management Act(MFMA)states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

GRAP 1 paragraph 31 states that an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

Nature

During the audit of the Property, plant and equipment process the following control deficiencies were identified over asset management:

-It was identified that the laptops acquired included in the assets register does not contain the unique number to trace the actual asset included in the asset register (such as serial number)rather than barcode of the municipality to assist for asset count.

-No evidence obtained as to who verified the existence of assets, performed assets counts, reconciliation and prepared the findings, reviewed it and approved it.



Cause

Management failed to implement proper controls over assets management.

Impact

This will results in control deficiency over assets management and may be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Management failed to implement proper controls over daily and monthly processing and reconciling transactions.

Recommendation

Recommendations

Management should ensure that there is evidence in place to support the process followed for assets count and reconciliation, furthermore it is important for management to note that an asset acquired with a unique number such as laptops should be included in asset register with that unique number. Management should kindly note that it is noted when management acquire the assets they put on a barcode on the asset number, however for assets such as laptops it is recommended that the use of the unique number can assist to avoid overstating or understating of assets when there is large acquisitions or subsequent acquisition and assets not given barcode immediately.

Management response

Management response

Management disagrees. See attached

Name: R. Shuping

Position: CFO

Date: 18/11/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion



Management response noted, however this finding will remain as a control deficiency and may be reported in both management and auditor's response. The following was further identified during verifications which confirm the deficiency:

Component ID: 3222318 and 3222320 had no barcode in both physical asset and asset register.

Furthermore, the following assets in also did not have barcode on the asset register:

Component ID:

3222307

3222313

3222321

3222322

3222323

3222324

All the assets stated above were additions in the year under audit, the significance of the control deficiency may be reported in both management and auditor's report not just as an add value finding.

41. [DUPLICATE TO COMAF 6]COMAF 15: ISS.97 : Additions - movable assets - Asset register does not agree to the AFS

Audit Finding

Requirement

Section 63(1) (a) of the Municipal Finance Management Act No.56 of 2003 states that:

The accounting officer of a municipality is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

Section 63(2) (a) of the Municipal Finance Management Act No.56 of 2003 states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.

Section 63(2) (b) of the Municipal Finance Management Act No.56 of 2003 states:

That the municipality's assets and liabilities are valued in accordance with standards of generally recognized accounting practice; and

Section 63(2) (c) of the Municipal Finance Management Act No.56 of 2003 states:

That the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

Nature

The following differences were noted between the additions for movable assets as per the asset register and as per the AFS:

Total population as per the asset register	R761 955,17
Total population as per the AFS	R1 484 759,00
Difference :	R722 803,83



Cause

Management did not ensure that additions for movable assets were recorded accurately.

Impact

Overstatement of additions of movable assets by R722 803, 83. (Disagreement)

Internal control deficiency

Control deficiency

Financial and Performance Management

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Recommendation

Management should ensure that additions for movable assets are recorded accurately.

Management response

Management response

The above finding was already raised and responded to on Coma 6. Management agrees with the finding and requested to adjust.

Name:

Position:

Date:

Auditor's conclusion

Management agrees with the finding.

The finding remains valid until correct adjustments are made.

Operating expenditure

42. COMAF 06: ISS.34: Irregular Expenditure: Contract not reviewed

Audit Finding

Requirement



Section 62(1) of the MFMA states that the Accounting Officer is responsible for managing the financial administration of the municipality, and must ensure for this purpose take all reasonable steps to ensure -

(d) That unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented:

Nature

Contrary to the above, while completing the Purchases, payables and payments business process it was noted that the municipality has made payments to a supplier whose contract expired in 2019 and has not been reviewed since. The supplier details are as follows:

- Payment batch number: 2021085003
- Dated: 26/03/2021
- Supplier details: Jicama 167 Pty (Ltd) T/A AAS Operations
- Payment details: Supply and delivery of Water and Waste Water Purification Chemicals for Hopetown and Strydenburg
- Amount: R 83 350.76

Cause

The cause of the above is lack of management oversight over monitoring of controls and compliance with laws and regulations

Impact

This may lead to amounts paid to this supplier resulting in irregular expenditure after the expiry contract as they were incurred on a contract that has expired.

Internal control deficiency

F Financial and performance management:

Review and monitor compliance with applicable laws and regulations.

Recommendation

Management response

Management should ensure that that it regularly reviews all contracts to ensure that all expenditure incurred relating to the contracts is valid. This will also ensure compliance with 62(1) of the MFMA.

Management response

Management response



Management disagrees with the finding. The referred service provider was appointed in 2018 on a three year contract. The Contract is expiring in November 2021.

Name: R. Shuping
 Position: CFO
 Date: 03/11/2021

Name:
 Position:
 Date:

Auditor’s conclusion

Auditor’s conclusion

Management response noted, however the finding remain as the submitted contract does not stipulate the contract end date. The submitted contract does not stipulate the Rand value of the contract. Refer to COMAF 06 with regard to follow up on this finding. The auditor’s ask for extension to Monday with regard to service level agreement inspected as evidence for this finding.

43. COMAF 05: ISS.35:Payments to suppliers not made within 30 days

Audit Finding

In terms of MFMA sec [65(2)(e)]

(2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure—

that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;

During the performing of a walk-through of expenditure the following was noted:

Money owed by the municipality was not always paid within 30 days, as required by section [65(2)(e)] of the MFMA.

The following were not settled within 30 days as per the aging analysis of 30 June 2021

Number	Creditors	60 Days	90 Days	120 Days	150 Days
1	AAS Operations			34.5 0	131.1 0
2	Auditor General	387.642.4 9	1.910.408.6 8	788.142.3 9	2.113.464.0 5



3	Department of Water Affairs	9	243.4				
4	DIP Security	0	4.232.3	0	3.021.0	0	3.021.0
5	Bidvest Waltons						
6	Eskom	7	60.930.2	4	55.002.5	5	57.993.5
7	Eskom Bulk Purchases - Stryd	1	196.206.3	5	197.280.0	4	216.684.7
8	Eskom Bulk Purchases - HPT	5	1.036.329.9	2	973.814.9	0	1.096.942.7
9	Kai Gariep Municipality					0	9.980.2
10	MTN Service Provider	8	59.8	8	59.8	8	59.8
11	Pixley ka Seme					0	250.000.0
12	SALGA					0	7.205.0
13	Sebata/Inzal o	7	403.812.1	5	399.322.1	0	489.384.1
14	MH Office	5	5.978.8				
15	TCB Engineering					3	4.693.567.3
16	New Gen Pumps & Valves			5	661.2		
17	Melokhule Management	3	670.952.6				
18	Morar Incorporated			5	14.037.3	0	143.485.4
19	Nashua	6	133.237.1				
20	University of the Free State	2	13.613.2	2	13.613.2		
21	Bigen Africa Services	2	111.965.5				
22	KET Civils					0	250.000.0
23	Tlotlo Tlthago	2	1.165.113.9				

24	Vanderkloof Water User Association	3	72.479.4	0	61.563.1	1	64.590.0	1	67.122.5
		9	4.262.797.5	4	3.628.784.1	7	2.860.338.2	2	100.035.836.1

Lack of sound controls with regards to compliance and ensuring that creditors are paid within the required time frame.

This will result in the non-compliance with MFMA sec [65(2) (e)] and will be evaluated further for reporting in both the management and audit report of the municipality for 2020/2021.

Internal control deficiency

Leadership

- Leadership did not exercise their oversight responsibility regarding financial and performance reporting and compliance and related internal controls

Recommendation

Management must ensure that they comply with applicable legislation and creditors are paid within the legislated time frame.

Management response

Management agrees with the finding.

Name: R. Shuping
 Position: CFO
 Date: 29/10/2021

Name:

Position:

Date:

Auditor's conclusion

Management agrees to the finding.

The finding therefore remains.



44. COMAF 08: Iss.43: Internal control deficiency within the process of recording expenditure on finance cost

Audit Finding

Requirement

Section 62(1) (c) of the Municipal Finance Management Act (MFMA) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Nature

During the audit of finance cost process it was identified that the interest charged by Eskom of R144 884, 15 in the invoice received on 22 June 2021 was recorded with incorrect date of 25 February 2021, it was further confirmed that the valid transaction was recorded with incorrect date

Cause

This is due to internal control deficiencies over recording process of expenditure such as lack of review.

Impact

This will result in significant control deficiency over recording process of expenditure and may be reported in both management and auditors report based on further evaluation.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to implement proper controls over daily and monthly processing and reconciling transactions

Recommendation

Recommendations

Management should ensure that the expenditure is recorded correctly and correct process to review is followed.

Management response

Management response

Name:

Position:

Date:

Eskom Finance Cost: Management partially agree – the above mentioned occurred due to an error



in processing. The Invoice Description as captured indicate the 25th of June 2021, however there was an error in selecting the month on the calendar when capturing.

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted, however the finding remain valid and may be reported in both management and auditor's report based on further evaluation.

45. COMAF 11: ISS.57: General Expenditure: Internal control deficiencies

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

Contrary to the above the following was noted during the walk through performed for the Purchases, payables and payments business process:

Noted that orders are completed after the invoice has been received from the supplier. The details of the payment voucher are as follows.

- Payment Voucher number 2021090004 dated 31/03/2021
- Creditor is the University of the Free State
- The order (number: 38656) was completed on the 24/03/2021, yet the invoice (number: 11090/0008126) is dated 26/01/2021.

This is due to lack of management oversight and internal controls

This results in the non-compliance of the above stated requirement and internal controls identified will be assessed and evaluated for inclusion in the management report and/or audit report of the municipality.



Internal control deficiency

Leadership

- Leadership did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities

Recommendation

Management must ensure that controls within the municipality are in place and are operating effectively.

Management response

Name:

Position:

Date:

Auditor's conclusion

46. COMAF 13: ISS 62: Expenditure: Insurance claim received included under expenditure.

Audit Finding

In terms of Municipal Finance Management Act Section 62(1) (b) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Section 64 of the Municipal Finance Management Act Section states that

(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality

(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—

(d) That all money received is promptly deposited in accordance with this Act into the municipality's primary and other bank accounts;

Contrary to the above, during the audit of Insurance expenditure the following receipt of funds was identified to have been included under insurance expenditure:



Payment voucher	AFS line item	Transaction Date	Vendor Name	Total	Auditors Comment
2020227002	Expenditure:Operational Cost:Insurance Underwriting:Premiums	14/08/2020	Brenda Mpamba	16.289 .10	Upon the review of all the supporting documentation attached to this payment voucher, it was noted that the Municipality received a total amount of R 16 289.10 for its claim with Guard Risk (Insurer) for an Apple cell phone (Iphone XR) IMEI number (353073100696750).

Cause

The internal controls were not adequately applied by the municipality.

Impact

This will result in overstatement of expenditure by projected amount R 32 558.86

Internal control deficiency

Leadership:

Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Recommendation

Management should ensure that it maintains accurate records to ensure that it accurately identifies all revenue and expenditure items.

Management response

Management disagrees with the finding. Revenue was recognized, this specific transaction was a payment to the claimant. This is a misclassification issue and management request to adjust.



Name: R. Shuping
 Position: AMM
 Date: 13/01/2022

Name:
 Position:
 Date:

Auditor’s conclusion

Management agrees with the finding. This finding will remain until the adjustments are made.

47. COMAF 10: ISS.65: Expenditure: Subsistence and Travel- Classification

Audit Finding

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control;

Number	Payment Voucher	Vendor Name	Transaction Date	AFS line item	Total	Auditors Comment
1	2021148008	LA HEALTH MEDICAL AID	28/05/2021	Expenditure:Operational Cost: Travel and Subsistence:Domestic: Transport without Operator:Own Transport	927.00 18.	Expenditure relates to Medical Aid payments made to the Medical aid scheme. This cannot be classified under S&T



						expenditure.
2	2020290008	ALFRED SHABALALA	16/10/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic: Transport without Operator:Own Transport	888.00	3. The Expenditure relates to the sitting allowance paid to an APC member. This cannot be classified under S&T expenditure
3	2020320003	HOPETOWN MEAT	17/08/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic: Transport without Operator:Own Transport	000.00	6. The expenditure relates to R600 food parcels that the municipality gave to 10 disadvantaged families as part of the Mandela day celebration held on the 29/07/2020. This cannot be classified under S&T expenditure
4			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic: Transport without	000.00	4. Information was not submitted

				Operator:Own Transport		to the Auditors
5			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic: Transport without Operator:Own Transport	584.56	2. Information was not submitted to the Auditors

This is due to improper review of the Annual Financial Statement and lack of management oversight

This will result in overstatement of expenditure for a total extrapolated amount of R 241 044.90

Internal control deficiency

Leadership

Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Recommendation

Management must ensure the transaction and Annual Financial Statements of the municipality are properly reviewed and recorded in the correct accounts.

Management response

Management agrees and request to adjust.

Name: Radiile Shuping
 Position: Acting Municipal Manager
 Date: 25/01/2022

Name:

Position:

Date:

Auditor's conclusion



Management’s comments are noted. The finding will remain until the adjusted financial statements are received and there is evidence that the line item has been adjusted accordingly.

48. COMAF 13: ISS 67: Expenditure - Transaction reversed and not re-captured in the General Ledger

Audit Finding

Section 65 of the Municipal Finance Management Act states that

(1) The accounting officer of a municipality is responsible for the management of the expenditure of the municipality. (2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure—

(b) That the municipality has and maintains a management, accounting and information system which— (i) recognizes expenditure when it is incurred; (ii) accounts for creditors of the municipality; and (iii) accounts for payments made by the municipality

Nature

Contrary to the above, during the audit of Travel and Subsistence Expenditure it was noted that the following transaction was reversed in the General Ledger and has not been re-captured:

AFS line item	PostingLevelParent	TransactionDate	DocumentNumber1	TransactionDetails	Debit	Credit	Total	VendorName
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Transport without Operator:Own Transport	Transport without Operator	15/10/2020	208_449	S&T	8.071.30	-	8.071.30	Trevin R Oliphant
Assets:Current Assets:VAT Receivable:Input Accrual:Recognised	Input Accrual	15/10/2020	208_449	VAT: T. Oliphant	-	-	-	Trevin R Oliphant
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Payables and	Payables and Accruals	15/10/2020	208_449	T.Oliphant	-	- 8.071.30	- 8.071.30	Trevin R Oliphant



Accruals:Deposits								
Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Standard Bank Main Account:Withdrawals	Standard Bank Main Account	22/10/2020	15_582	NC076-SCM/343 - EFT	-	- 8.071.30	- 8.071.30	Trevin R Oliphant
Assets:Current Assets:Cash and Cash Equivalents:Cash at Bank:Bank Account:Standard Bank Main Account:Withdrawals	Standard Bank Main Account	28/01/2021	15_582	NC076-SCM/343 - EFT Reversed	8.071.30	-	8.071.30	Trevin R Oliphant
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Payables and Accruals:Deposits	Payables and Accruals	22/10/2020	15_582	NC076-SCM/343 - EFT	8.071.30	-	8.071.30	Trevin R Oliphant
Liabilities:Current Liabilities:Trade and Other Payable Exchange Transactions:Payables and Accruals:Deposits	Payables and Accruals	28/01/2021	15_582	NC076-SCM/343 - EFT Reversed	-	- 8.071.30	- 8.071.30	Trevin R Oliphant

Cause

The internal controls were not adequately applied by the municipality.

Impact

This will result in understatement of expenditure by projected amount R 54 959.60

Internal control deficiency



Financial and performance management

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.

Recommendation

Management must ensure that all expenditure transaction are captured, recorded and supported by sufficient, appropriate evidence.

Management response

Management agrees and request to adjust.

Name: R. Shuping
Position: AMM
Date: 13/01/2022

Name:

Position:

Date:

Auditor's conclusion

Management agrees with the finding. This finding will remain until the adjustments are made.

49. COMAF 10: ISS.72: Expenditure: Travel and Subsistence - Occurrence

Audit Finding

Requirements

Section 63(2) of the Municipal Finance Management Act 56 of 2003 states that the accounting officer must take all reasonable steps to ensure:

- (a) That the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality
- (b) That the municipality has and maintains a system of internal control of assets including an asset register.

Travel and Subsistence Policy

Paragraph 4 of the policy states that all travel on business of the Municipality must be approved as such before a representative is entitled to a subsistence allowance.

Nature



Contrary to the above, it was noted that there is no evidence that the travel and claim form relating to the following payment voucher was approved before travel (the travel and claim form is signed but is not dated).

Number	Payment Voucher	VendorName	TransactionDate	AFS line item	Total
1	2020310001	Silvia Swartling	2020/05/11	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	3.600.00

Furthermore, the occurrence of the following transactions could not be confirmed as no information was submitted to the auditors:

Number	Payment Voucher	VendorName	TransactionDate	AFS line item	Total
1			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	4.000.00
2			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	2.584.56

Cause

The internal controls were not adequately applied by the municipality.

Impact

This will result in overstatement of expenditure by projected amount R 69 349.34

Internal control deficiency

Financial and performance management

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

Management did not implement controls over daily and monthly processing and reconciling of transactions.



Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management should ensure that it applies the appropriate controls and procedures to ensure the occurrence of expenditure incurred.

Furthermore, management should implement controls that will enable them to ensure that the information is submitted to the auditors in a timely manner as and when requested as per the terms of the engagement.

Management response

Management disagrees with the finding on Payment voucher 202031000. The S&T information has been submitted to the auditors after receipt of this comaf. Also see attached S&T information has been submitted to the auditors after receipt of this comaf. Also see attached

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 25/01/2022

Name:
Position:
Date:

Auditor's conclusion

Management's comments have been noted. However, no information has been submitted to the auditors and this finding therefore remains.

50. Partially Resolved: COMAF 13: ISS 76: Expenditure: Subsistence and Travel - Accuracy Audit Finding

Requirement/Limitation

In terms of the Municipal Finance Management Act:



Section 62 (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Travel and Subsistence Policy

5. Accommodation costs and Subsistence Allowance

Representatives who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in an hotel, motel, guesthouse or bed and breakfast establishment and the following rules will apply:

- If the Mayor, a Councillor, the Municipal Manager or a Head of Department needs to travel on Council business and decides to make own accommodation arrangements and have to sleep over, an amount of R1000 per day in respect of accommodation will be given as an advance. There will be no requirement to submit any proof of how the money was spent with regards accommodation costs.
- If any official, other than a Councillor or Senior Manager travels on Municipal Business, an amount of R700 may be claimed per day in respect of accommodation.

Contrary to the above, the following was identified while auditing Expenditure - Travel and Subsistence

Number	Payment Voucher	VendorName	Transaction Date	AFS line item	Total	Auditors Comment
1	2021148008	LA HEALTH MEDICAL AID	28/05/2021	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	18.92 7.00	Auditor was unable to perform audit procedures using the information submitted for audit as no supporting documentation was submitted.



2			17/12/2020	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport with Operator:Public Transport:Road Transport	4.000.00	No information was submitted to the Auditors
3			24/03/2021	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport with Operator:Public Transport:Road Transport	2 584.56	No information was submitted to the Auditors

Furthermore, the following differences were noted

Number	Payment Voucher	Vendor Name	Transaction Date	AFS line item	Amount claimed for accommodation	Amount entitled to claim	Difference	Auditors Comment
1	2021141008	Nomsa Marosane	21/05/2021	Expenditure:Operational Cost: Travel and Subsistence:Domestic:Transport without Operator:Own Transport	R 1000..	700	- R 300.00	It was noted that the official claimed R 1 000 for accommodation yet they were only entitled to claim R 700

Cause

The internal controls were not adequately applied by the municipality.



Impact

This will result in overstatement of expenditure by projected amount of R 175 757.65

Internal control deficiency

Leadership:

Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Recommendation

It is recommended that management should implement controls that will enable them to ensure that the information is submitted to the auditors in a timely manner as and when requested as per the terms of the engagement.

Furthermore, it is recommended that management ensures that it applies the Travel and Subsistence Policy accurately.

Management response

Management agrees and request to adjust. The overpayment made to Nomsa Marosane management agrees and the difference noted will be recovered from the employee in question.

Name: R. Shuping

Position: AMM

Date: 13/01/2021

Name:

Position:

Date:

Auditor's conclusion

Management agrees with the finding. The finding will remain until evidence that the money was recovered from the employee has been received. This finding will then be partially resolved.

51. COMAF 14: ISS 78: Expenditure: Finance Costs - Classification

Audit Finding



In terms of Municipal Finance Management Act Section 62(1) (b) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Contrary to the above, during the audit of Finance Costs the following was identified to have been erroneously included under financed costs:

AFS line item	TransactionDate	VendorName	Total	Auditors Comment
Expenditure: Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	31/07/2020	Nashua	104 670,97	During the audit of Finance costs it was identified that the amounts incurred for the monthly rental of copy machines has been included under Finance Costs.
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	15/12/2020	Nashua	60 450,05	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	29/01/2021	Nashua	49 538,73	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	31/03/2021	Nashua	29 583,63	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	2020/10/09	Nashua	59 588,65	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	26/02/2021	Nashua	64 197,11	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	2020/10/09	Nashua	44 001,69	

Furthermore, the following was identified:

AFS line item	TransactionDate	VendorName	Total	Auditors Comment
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	2020/08/07	South African Revenue Service	37 449,20	During the audit of Finance costs it was identified that the Municipality has included the penalties charged by
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	2021/12/03	South African Revenue Service	11 713,65	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	31/07/2020	South African Revenue Service	2 378,53	

Position:

Date:

Auditor’s conclusion

NASHUA.

Management’s comments are noted. The journal will be assessed and communication will be held with management should there be any issues identified with the journal. This finding has therefore been resolved.

South African Revenue Services.

Management’s comments are noted. The auditor does agree that the General Ledger account referred to is incorrect, it should have been Expenditure: Interest, Dividends and Rent on Land: Interest Paid: Overdue Accounts. However, the finding still remains as the interest charged by SARS should not have been classified as a Finance Cost.

52. ISS 103: Expenditure - Auditors Remuneration: Auditor unable to perform procedures

Audit Finding

In terms of Municipal Finance Management Act Section 62(1) (b) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Contrary to the above, the following was noted during the audit of Auditors Remuneration:

Number	AFS line item	TransactionDate	VendorName	Total	Auditors Comment
1	Expenditure:Operational Cost:External Audit Fees	2020/02/11		130,43	During the audit of Auditors Remuneration, the auditor could not perform audit procedures as no information was submitted
2	Expenditure:Operational Cost:External Audit Fees	31/08/2020	Pixley Ka Seme - NC District Municipality	217 391,30	
3	Expenditure:Operational Cost:External Audit Fees	20/04/2021	Auditor- General of South Africa - National	127 128,59	



4	Expenditure:Operational Cost:External Audit Fees	30/06/2020		19,56	
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This is due to management oversight and proper record keeping for the municipality

This results in a limitation of R 344 669, 88

Internal control deficiency

Financial and performance management

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

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must ensure that proper record keeping is maintained and that all the information disclosed in the AFS are supported by sufficient, appropriate audit evidence.

Management response

Management does not agree with the R217 391, 30 and R127 128, 59 as the invoices is in the Auditor General Invoice file and was shown again to the auditor after this finding was raised.

Also please see Folder 19. Trade and other payables – Working paper Audit fees 30 June 2021, Screen shot below of the GL extract of audit fees:

Management agrees to the 130, 43.

Management does not agree with the 19,43 as this was a journal entry GJ41 VAT year end recon journal and was already submitted to the auditors on RFI64

Name: Radiile Shuping
 Position: AMM
 Date: 10/02/2022

Name:
 Position:
 Date:

Auditor’s conclusion



Management's comments are noted.

Issues 2, 3 and 4 have been resolved following engagements with management.

Management agrees to the R 130.43 and this issue remains.

53. COMAF 15: ISS 104: Expenditure - Finance Costs: Accuracy could not be confirmed

Audit Finding

Requirement

In terms of the Municipal Finance Management Act:

Section 62 (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Contrary to the above, the following was identified while auditing Expenditure - Finance Costs

AFS line item	TransactionDate	VendorName	Total	Auditors Comment
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	28/07/2020	South African Revenue Service	161 578,84	The Municipality submitted information which could not be traced to the General Ledger
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/05/2021	ESKOM HOLDINGS	164 999,43	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/02/2021	ESKOM HOLDINGS	144 884,15	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/02/2021	ESKOM HOLDINGS	131 134,09	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/11/2020	ESKOM HOLDINGS	129 112,86	
Expenditure:Interest, Dividends and Rent on	25/12/2020	ESKOM HOLDINGS	110 683,99	

Land:Interest Paid:Finance Leases				
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/10/2020	ESKOM HOLDINGS	107 702,42	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/09/2021	ESKOM HOLDINGS	85 383,41	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/09/2021	ESKOM HOLDINGS	85 383,41	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	25/07/2021	ESKOM HOLDINGS	74 870,37	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	19/06/2021	ESKOM HOLDINGS	29 974,85	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	19/02/2021	ESKOM HOLDINGS	25 557,22	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	22/11/2020	ESKOM HOLDINGS	24 264,97	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	19/04/2021	ESKOM HOLDINGS	22 158,75	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	22/12/2020	ESKOM HOLDINGS	20 793,91	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Overdue Accounts	20/07/2021	Auditor-General of South Africa - National	26 429,53	Information was not submitted for audit
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Overdue Accounts	22/10/2020	ESKOM HOLDINGS	21 233,71	

Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Overdue Accounts	13/04/2021	ESKOM HOLDINGS	3 503,84	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Overdue Accounts	14/10/2020	ESKOM HOLDINGS	2 384,06	
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	2020/10/09	Nashua	44 001,69	

Furthermore, it was noted that the expenditure amount recorded in the General Ledger is inclusive of VAT.

AFS line item	TransactionDate	VendorName	Total	Auditors Comment
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	31/07/2020	Nashua	104 670,97	During the audit of finance costs, it was noted that the invoice amount exclusive of VAT is R 91 018.23. However, the expenditure amount included in the ledger is R 104 670,97

Cause

The internal controls were not adequately applied by the municipality.

Impact

Limitation

This will result in overstatement of expenditure by projected amount R 2 630 625.42

Disagreement

Furthermore, it will result in the overstatement of expenditure as a result of the inclusion of VAT in the expenditure amount by a projected amount of R 21 761, 17

Internal control deficiency

Leadership:

Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.



Date:

Auditor's conclusion

ESKOM

Management's comments are noted. The auditor notes that the account communicated is incorrect. However, the auditor could not perform any procedures on the information submitted for audit as only invoices were submitted.

SARS

Management's comments are noted. The auditor notes that the account communicated is incorrect. However, the auditor could not perform any procedures on the information submitted for audit as only invoices were submitted

NASHUA

Management's comments are noted. The journal will be assessed and communication will be held with management should there be any issues identified with the journal. This finding has therefore been resolved.

The issue relating to the inclusion of VAT in the expenditure amount of R 104 670, 97 with the Vendor- Nashua remains.

The auditor disagrees with management's response relating to information not submitted as it was not received by the auditors.

54. COMAF 15: ISS 105: Expenditure: Finance costs Occurrence- Accrual basis of accounting not applied

Audit Finding

Requirement

GRAP 1 defines the Accrual Basis of Accounting is defined as follows:

"Accrual basis means a basis of accounting under which transactions other events and conditions are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and



recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets, revenue and expenses."

Paragraph 31 of GRAP further states that

An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

Nature

Contrary to the above, there following were identified during the audit of Finance Costs:

AFS line item	TransactionDate	VendorName	Total	Auditors Comment
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	2020/10/09	Nashua	59 588,65	During the audit of Finance costs it was noted that transaction date in the General Ledger is after the invoice and payment voucher date
Expenditure:Interest, Dividends and Rent on Land:Interest Paid:Finance Leases	15/12/2020	Nashua	60 450,05	

Cause

The internal controls were ensuring compliance with accounting standards were not adequately applied by the municipality.

Impact

This will result in non-compliance with GRAP standards

Internal control deficiency

Financial and performance management

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

Management did not implement controls over daily and monthly processing and reconciling of transactions

Recommendation

Management should ensure that it applies the appropriate controls and procedures to ensure that it applies the accrual basis of accounting as required by GRAP 1. 6



Management response

Management agrees. The municipality was catching up with transactions due to the change from one system to another after information was migrated.

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management agrees and the finding therefore remains.

55. COMAF 17: ISS 120: Expenditure remaining population**Audit Finding**

In terms of Municipal Finance Management Act Section 62(1) (b) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Contrary to the above, the following was noted during the audit of Expenditure, the following was noted:

Number	AFS line item	Transaction Date	Vendor Name	Total	Auditors Comment
1	Expenditure: Contracted Services:Contractors:Maintenance of Equipment	21/05/2021	BIDVEST WALTONS	235,00	During the audit of the remaining population for expenditure, the auditor could not
2	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	15/01/2021	CONLOG	466,00	
3	Expenditure:Transfers and Subsidies:Operational:Monetary Allocations:Provincial	15/02/2021	LITT HOLDINGS (PTY) (LTD)	7 000,00	



	Government:Northern Cape:Infrastructure:Specify (Add grant description)				perform audit procedures due to a limitation of scope that occurred.
4	Expenditure:Transfers and Subsidies:Operational:Monetary Allocations:Provincial Government:Northern Cape:Infrastructure:Specify (Add grant description)	2020/11/08	Block Pave	14 9 776,87	
5	Expenditure:Operational Cost:Uniform and Protective Clothing	30/06/2021	MANEMK	1 7 882,22	
6	Expenditure:Operational Cost:Courier and Delivery Services	30/06/2021	Dip Security	2 0 987,34	
7	Expenditure:Operational Cost:External Computer Service:Internet Charge	2020/07/07	PC Trio Douglas/ PC Trio	2 1 364,00	
8	Expenditure:Operational Cost:Bank Charges, Facility and Card Fees:Long and Short Term Loans and Borrowings	31/08/2020		7 826,09	
9	Expenditure:Operational Cost:Samples and Specimens	24/02/2021	University of the Free State	4 2 434,66	
10	Expenditure:Operational Cost:Municipal Services	15/12/2020	JICAMA 167	16 3 752,80	

Furthermore, the following was identified

Number	AFS line item	Transaction Date	Vendor Name	Total	Auditors Comment
1	Expenditure:Transfers and Subsidies:Operational:Monetary Allocations:Provincial Government:Northern Cape:Infrastructure:Specify (Add grant description)	14/09/2020	MANEMK	332 143,00	The auditor could not perform audit procedures using the invoices and petty cash voucher that were submitted
2	Expenditure:Transfers and Subsidies:Operational:Allocations In-kind:Households:Social Assistance:Social Relief	2021/12/05	NEWGEN PUMPS AND VALVES	89 825,30	
3	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/07/06	G3 GROUP	18 571,94	

4	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/07/06	G3 GROUP	18 571,94	by the Municipality.
5	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	21/05/2021	BIDVEST WALTONS	2 338,00	
6	Expenditure:Operational Cost:Registration Fees:Seminars, Conferences, Workshops and Events:National	23/04/2021		200, 00	

This is due to management oversight and proper record keeping for the municipality. This results in a material limitation of an extrapolated amount of R 2 403 099.38

Internal control deficiency

Financial and performance management

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

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must ensure that proper record keeping is maintained and that all the information disclosed in the AFS are supported by sufficient, appropriate audit evidence.

Management response

Management disagrees with the finding.

*

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion



Management's comments are noted.

Table 2: No audit procedures could be performed on the above-mentioned transactions (Transaction 1 to 11).

The finding therefore remains.

56. COMAF 17: ISS 121: Expenditure: Professional and Consulting fees - auditor unable to perform procedures

Audit Finding

In terms of Municipal Finance Management Act Section 62(1) (b) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Contrary to the above, the following was noted during the audit of Professional and Consulting fees:

Number	AFS line item	TransactionDate	VendorName	Total	Auditors Comment
1	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	2021/03/03	SEBATA MUNICIPAL SOLUTIONS	301 799,93	During the audit of Professional and Consulting fees, the auditor could not perform audit procedures due to a limitation of scope that occurred.
2	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	26/08/2020	MORAR	293 817,97	
3	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	2021/02/02	SEBATA MUNICIPAL SOLUTIONS	269 173,22	
4	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/08/2021	SEBATA MUNICIPAL SOLUTIONS	248 497,24	

5	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/06/2021	SEBATA MUNICIPAL SOLUTIONS	187 778,39	
6	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	31/10/2020	MORAR INCORPORATED	147 028,00	
7	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	30/06/2021	MORAR INCORPORATED	147 028,00	
8	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	30/06/2021	Maximum Profit Recovery	125 187,58	
9	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	26/02/2021	MORAR INCORPORATED	123 236,00	
10	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	30/06/2021	MORAR INCORPORATED	123 236,00	
11	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/05/2021	SEBATA MUNICIPAL SOLUTIONS	87 017,56	

Furthermore, the following was noted

Number	AFS line item	TransactionDate	VendorName	Total	Auditors Comment
1	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/07/2021	SEBATA MUNICIPAL SOLUTIONS	458 531,47	The auditor could not perform audit procedures using the invoices that were submitted by the Municipality.
2	Expenditure:Contracted Services:Outsourced Services:Business and	20/08/2021	SEBATA MUNICIPAL SOLUTIONS	248 497,24	

	Advisory:Business and Financial Management				
3	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/09/2020	SEBATA MUNICIPAL SOLUTIONS	205 555,50	
4	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/04/2021	SEBATA MUNICIPAL SOLUTIONS	196 426,84	
5	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/05/2021	SEBATA MUNICIPAL SOLUTIONS	156 394,00	
6	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/01/2021	SEBATA MUNICIPAL SOLUTIONS	113 257,18	
7	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing	18/05/2021	Maximum Profit Recovery	82 295,63	
8	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Business and Financial Management	20/11/2020	SEBATA MUNICIPAL SOLUTIONS	58 896,77	

This is due to management oversight and proper record keeping for the municipality

This results in a material limitation of an extrapolated amount of R 4 251 153.52

Internal control deficiency

Financial and performance management

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

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.



Recommendation

Management must ensure that proper record keeping is maintained and that all the information disclosed in the AFS are supported by sufficient, appropriate audit evidence.

Management response

Management does not agree with the finding.

Name: Radiile Shuping
 Position: AMM
 Date: 04/02/2022

Name:
 Position:
 Date:

Auditor’s conclusion

Management’s comments are noted. However, upon further engagements with management it was resolved that the finding remains. Management was not able to demonstrate how the invoices submitted could be traced to General Ledger using the details on the invoice.

57. ISS 122: Expenditure: Repairs and maintenance - Auditor unable to perform procedures

Audit Finding

In terms of Municipal Finance Management Act Section 62(1) (b) states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Contrary to the above, the following was noted during the audit of Repairs and Maintenance:

Number	AFS line item	TransactionDate	VendorName	Total	Auditors Comment
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1	Expenditure:Transfers and Subsidies:Operational:Allocations In-kind:Households:Social Assistance:Social Relief	2021/12/05	NEWGEN PUMPS AND VALVES	89 825,30	The auditor could not perform audit procedures using the invoices that were submitted by the Municipality
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Furthermore, the following was noted.

Number	AFS line item	TransactionDate	VendorName	Total	Auditors Comment
1	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	15/01/2021	CONLOG	1 466,00	During the audit of Professional and Consulting fees, the auditor could not perform audit procedures due to a limitation of scope that occurred.
2	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	21/05/2021	BIDVEST WALTONS	2 338,00	
3	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	21/05/2021	BIDVEST WALTONS	2 235,00	
4	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/07/06	G3 GROUP	18 571,94	
5	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/07/06	G3 GROUP	- 18 571,94	
6	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/07/06	G3 GROUP	18 571,94	
7	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/07/06	G3 GROUP	- 18 571,94	
8	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	2021/10/06	OOS VRYSTAAT KAAP BEDRYF	0 814,4	
9	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	30/06/2020		3 228,2	

10	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	30/06/2020		249 962,02	
11	Expenditure:Contracted Services:Contractors:Maintenance of Equipment	30/06/2020		292 213,60	

This is due to management oversight and proper record keeping for the municipality

This results in a material limitation of R 639 082, 55

Internal control deficiency

Financial and performance management

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

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must ensure that proper record keeping is maintained and that all the information disclosed in the AFS are supported by sufficient, appropriate audit evidence.

Management response

Management does not agree with the finding.

Name: Radiile Shuping
 Position: AMM
 Date: 04/02/2022

Name:

Position:

Date:

Auditor's conclusion

Management's comments are noted. However, upon further engagements with management it was resolved that the finding remains. Management was not able to demonstrate how the invoices submitted could be traced to General Ledger using the details on the invoice.



Payable

58. COMAF 06: ISS.38: Differences between the Creditors Schedule and the amount disclosed in the Annual Financial Statements

Audit Finding

Requirements

Section 63(2) of the Municipal Finance Management Act 56 of 2003 states that the accounting officer must take all reasonable steps to ensure:

(a) That the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality

Nature

During the testing of payables from exchange transactions, we identified material differences between the Annual Financial Statements and the Creditors Schedules.

The table below illustrates the difference identified:

Note 16 - Payables from exchange transactions	Amount as per the Creditors Schedule	Amount as per the Annual Financial Statements	Difference
Trade payables	R123 266 370.95	R126 884 027	- R 3 617 656.05

Cause

The cause of the above is that management does not adequately review the schedules used for compiling financial statements, as there controls that are currently in place do not ensure that errors are prevented, detected and/or corrected when the Annual Financial Statements are prepared.

The VAT calculation performed on creditors is not adequate.

Impact

This will result in a material misstatement in Trade payables for the amount of R 3 617 656.05 as the auditor cannot continue with the audit of trade payables due to differences highlighted above. The effect will be evaluated further for reporting in the management report and/or the audit report.

The above issue has an impact on the VAT account for the current year and previous year(s) and the amount thereof is unquantifiable.

Internal control deficiency

Financial and performance management



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. Furthermore, management did not implement controls over daily and monthly processing and reconciling of transactions.

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Recommendation

Management should ensure that the Annual Financial Statements are fairly presented and that adequate reviews of the Annual Financial Statements are performed prior to the submission of the Annual Financial Statements.

Management should further review all the schedules and registers used to compile the Annual Financial Statements.

Management response

Management response

Management agrees with the finding. This difference is coming from previous financial years.

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response notes and management agrees with the finding. The effect will be evaluated further for inclusion in both the MR&AR.

59. COMAF 12: ISS.79: Limitation: Retention fees and Other payables

Audit Finding

Requirements

Section 63(2) of the Municipal Finance Management Act 56 of 2003 states that the accounting officer must take all reasonable steps to ensure:



(a) That the municipality has and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality
During the audit of payables from exchange transaction:

- A request for information no.26 relating to retention fees was issued on the 4th November 2021 and was due on the 9th November 2021 and no information was submitted by management. Further to that a cut of letter 03 of 2021 was issued on the 22nd November due on the 24th November and no information was submitted therefore we were limited in testing the retention fee disclosed under note 16 of R1 368 046.
- A request for information no.26 relating to other payables was issued on the 4th November 2021 and was due on the 9th November 2021 and no information was submitted by management. Further to that a cut of letter 03 of 2021 was issued on the 22nd November due on the 24th November and no information was submitted therefore we were limited in testing the retention fee disclosed under note 16 of R8 381 527.

This is due to management oversight and proper record keeping for the municipality

- This results in a material limitation of R1 368 046 and R8 381 527 respectively which will be evaluated and reporting in both the MR&AR of the municipality.

Internal control deficiency

Financial and performance management

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

Management did not implement controls over daily and monthly processing and reconciling of transactions.

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must ensure that proper record keeping is maintained and that all the information disclosed in the AFS are supported by sufficient, appropriate audit evidence.

Management response

Name:

Position:

Date:



Auditor's conclusion**60. ISS.136: Payables from exchange transactions: Accrued Bonus - Overstatement****Audit Finding**

Requirement

Section 62(1) (b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Contrary to the above, the following differences were identified during the audit of Payables from exchange transactions - Accrued Bonus:

Number	Initials	Name	Engagement Date	Accrued Bonus	Recalculation	Difference
1	M	MAROSANE	2005/03/01	26 074,03	9481,47	16 592,57
2	VJ	MPAMBA	2013/06/01	17 193,23	2865,54	14 327,69
3	E	MOUTON	2014/01/01	16 991,40	14564,1	2 427,34
4	J	NTSHANGANE	2005/03/01	14 597,20	6487,64	8 109,55
5	JL	LINKS	2013/12/01	14 222,20	16592,6	- 2 370,37
6	CL	LA-VITA	2013/09/01	14 222,20	23703,7	- 9 481,47
7	W	KOPER	2011/02/01	13 416,93	6708,47	6 708,47
8	KAV	CROUCH	2005/03/01	10 203,85	6802,56	3 401,28
						39 715,07

This is a result of the inadequate controls that were applied by the municipality over the calculation of Accrued Bonus

Impact

This will result in overstatement of Accrued Bonus by projected amount of R 87 766, 06

Internal control deficiency**Financial and Performance Management**

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.

Recommendation

Management should ensure that it implements adequate controls over the calculation of Accrued Bonuses.

Management response

Name:

Position:

Date:

Auditor's conclusion

Predetermined objectives

61. COMAF 02 :ISS.17 : AoPO - Limitation of scope : Supporting documentation not submitted

Audit Finding

Requirement

Section 74 of the Municipal Finance Management Act 56 of 2003 requires the following:
The accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

Section 40 of the Municipal Systems Act 32 of 2000 states the following:
A municipality must establish mechanisms to monitor and review its performance management system

Section 45 of the Municipal Systems Act 32 of 2000 states the following:
The results of performance measurements in terms of section 41 (1) (c) must be audited—
i. as part of the municipality's internal auditing processes; and
ii. Annually by the Auditor-General

Nature

No supporting documentation was submitted to the auditors to confirm the business process for the following indicators:

1. Report quarterly on the obtaining of Title Deeds for housing beneficiaries
2. Review the SPLUMA By-law
3. Register all applications received on the Department of Housing Data Base Cause

The municipality does have a proper record keeping system over the monitoring of performance information.

Impact

This will result to a limitation of scope on the indicators.



Internal control deficiency

Control deficiency

Financial and Performance Management

- 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
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Recommendation

Recommendation

Management should ensure proper record keeping over the monitoring of performance information.

Management response

Management response

Management agrees with the finding.

Name: R. Shuping

Position: CFO

Date: 18/10/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management agreed with the finding. The finding remains valid.



62. COMAF 02 :ISS.22 : AoPO : Performance not accurately reported on in the Mid-year report

Audit Finding

Requirement

A] Section 38 of the Municipal Systems Act states a municipality must—

1. Establish a performance management system that is—
 1. commensurate with its resources;
 2. best suited to its circumstances; and
 3. in line with the priorities, objectives, indicators and targets contained in its integrated development plan;

Promote a culture of performance management among its political structures, political office bearers and councilors

2. and in its administration; and
3. administer its affairs in an economical, effective, efficient and accountable manner

[B] The Framework for Managing Programme Performance Information (FMPPi) provides guidance on developing performance indicators and targets.

1. Chapter 3 Key Performance Information Concepts:

A useful set of criteria for selecting performance targets is the "SMART" criteria:

- Specific: the nature and the required level of performance can be clearly identified
- Measurable: the required performance can be measured
- Achievable: the target is realistic given existing capacity
- Relevant: the required performance is linked to the achievement of a goal
- Time-bound: the time period or deadline for delivery is specified.

2. Chapter 4 Developing Performance Indicators



A set of appropriate indicators depends on the nature of the institution's mandate. Six key steps may be identified in this approach:

- Step 1: Agree on what you are aiming to achieve
- Step 2: Specify the outputs, activities and inputs
- Step 3: Select the most important indicators
- Step 4: Set realistic performance targets
- Step 5: Determine the process and format for reporting performance
- Step 6: Establish processes and mechanisms to facilitate corrective action

Nature

Through inspection of the Mid-year report , 1 road and storm water master plan was developed by the municipality .The auditor requested the master plan as per RFI 9 of 2021 , however , during the planning phase of the audit , it was however confirmed that the municipality does not have a road and storm water master plan.

Cause

Management did not ensure that the performance recorded on the Mid-year report is accurate and valid.

Impact

Misstatements of the actual performance achieved.

Internal control deficiency

Control deficiency

Financial and Performance Management

- 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
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Recommendation

Recommendation

Management should ensure that reported performance is supported by valid and accurate information.

Management response

Management response

Management disagrees with the finding. The reports on this project were forwarded to the AGSA. Although the indicator states that the reports will be quarterly, for ease of reference and tracking purposes, reports are compiled monthly. Information that would be contained in the quarterly reports, is the same in the monthly reports.

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management's response has been noted. The finding is resolved.

63. COMAF 02 :ISS.23 : AoPO : APR not submitted

Audit Finding

Requirements:

In terms section 46(1) of the Municipal Systems Act 32 of 2000 states that 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 that 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.

In terms of section 38 of the Municipal Systems Act, A municipality must-

- (a) Establish a performance management system that is (
 - (I) commensurate with its resources;
 - (ii) Best suited to its circumstances; And



(iii) In line with the priorities, objectives, indicators and targets contained in its integrated development plan;

(B) Promote a culture of performance management among its political structures, political office bearers

And councilors and in its administration; And

(c) Administer its affairs in an economical, effective, efficient and accountable manner.

Nature

The municipality did not submit the APR on 30 September 2021.

The auditor sent out an additional request for the submission of the APR and registers supporting the APR (RFI 11 of 2021) which was due on 5 October 2021. The municipality has not responded to the request and have not submitted the APR and the registers supporting the APR.

Also the auditor could not confirm if the municipality has implemented the performance management system as the APR was not submitted

Cause

Management did not ensure that the Annual Performance report and the registers supporting the report are prepared timeously.

Impact

This finding will results in non-compliance with the prescribed legislation and will be reported in both management and auditor's report

Internal control deficiency

Control deficiency

Financial and Performance Management

- 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
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Recommendation

Recommendation

Management should ensure that they prepare the Annual Performance Report of the municipality on time to ensure to that they comply with applicable legislations.

Management response

Management response

Management agrees with the finding. The APR. Will be forwarded to the AG-SA.

Name: R. Shuping

Position: CFO



Date: 18/10/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management's response has been noted. Cut-off letter 1 of 2021 was issued on 18 October 2021 and due on 21 October 2021 on this issue.

Management submitted the APR on 2021/10/21.

No schedules or registers supporting the APR were submitted to the auditors as requested in RFI 11 of 2021 and cut-off letter 1 of 2021. This will therefore result in a limitation of scope on the audit of the Annual Performance report.

64. COMAF 13: ISS.31 : AoPO : Indicators in the SDBIP and APR are not consistent (Value Add)

Audit Finding

Requirement

A] Section 38 of the Municipal Systems Act states a municipality must—

1. Establish a performance management system that is—
 1. commensurate with its resources;
 2. best suited to its circumstances; and
 3. in line with the priorities, objectives, indicators and targets contained in its integrated development plan;

Promote a culture of performance management among its political structures, political office bearers and councilors

2. and in its administration; and



3. administer its affairs in an economical, effective, efficient and accountable manner

[B] The Framework for Managing Programme Performance Information (FMPPPI) provides guidance on developing performance indicators and targets.

1. Chapter 3 Key Performance Information Concepts:

A useful set of criteria for selecting performance targets is the "SMART" criteria:

- Specific: the nature and the required level of performance can be clearly identified
- Measurable: the required performance can be measured
- Achievable: the target is realistic given existing capacity
- Relevant: the required performance is linked to the achievement of a goal
- Time-bound: the time period or deadline for delivery is specified.

2. Chapter 4 Developing Performance Indicators

A set of appropriate indicators depends on the nature of the institution's mandate. Six key steps may be identified in this approach:

- Step 1: Agree on what you are aiming to achieve
- Step 2: Specify the outputs, activities and inputs
- Step 3: Select the most important indicators
- Step 4: Set realistic performance targets
- Step 5: Determine the process and format for reporting performance
- Step 6: Establish processes and mechanisms to facilitate corrective action

During the planning phase, the SDBIP and the APR were inspected and the following inconsistencies were identified.

No.	SDBIP (Pages 18 to 22)	SDBIP (pages 65 to 71) & APR (Pages 18 to 88)
1	Develop and table to council master infrastructure plan for approval	1 Instructure plan developed and approved by 30 June 2021
2	Develop an operation and maintenance plan for the municipality	Develop and submit an operational and maintenance plan to council by 30 March 2021 for approval
3	Achieves a 95% water quality quarterly as per SANS241 requirements for all water sampling points	Achieves a 0% alkaline in the drink water quality and report quarterly as per SANS241 requirements for all water sampling points
4	Limit % electricity unaccounted for to 20% (Number of Kilowatts sold)/number of Kilowatts) x 100)	Reduce electricity losses from 60% to 20% percentage and report quarterly thereon (Number of Kilowatts sold)/number of Kilowatts) x 100)
5	Report on the Maintain of street lights to working order	Maintain street lights to working order and report thereon
6	Commence with the Electrification Turnkey Project	Monitor and Report on the Electrification Turnkey Project
7	Report on the % water unaccounted for to 20% ((Number of kiloliters of water purchased or purified - number of kiloliters sold / number of kiloliters of water purchased or purified) * 100)	Reduce water losses from 68% to 30% Percentage.(Number of kiloliters water purchased or purified -number of kiloliters waters sold)/number of kiloliters water purchased or purified) x 100]
8	Provide farms with water temporarily	Indicator was not included
9	Maintain 200 meters of municipal roads	Indicator was not included
10	Report on the maintenance of all roads regularly	Indicator was not included
11	Purchase 1 crane for electricity department	Indicator was not included
12	Procure 2 vehicles	Indicator was not included

Cause

Management did not ensure that the indicators in the SDBIP and the APR are consistent



Impact

Misstatements of the actual performance achieved.

Internal control deficiency

Control deficiency

Financial and Performance Management

- 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
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

Recommendation

Recommendation

Management should ensure that the indicators in the SDBIP and the APR are consistent.

Management response

Management agrees.

Name: R. Shuping

Position: AMM

Date: 13/01/2022

Name:

Position:

Date:

Auditor's conclusion

Management response noted, finding remains.

Procurement and Contract Management (to confirm for removal)

65. COMAF 08: ISS.20 : Contract Management



Audit Finding

Requirement

MFMA s62 (1) (c):

The accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

MFMA s116:

Contracts and contract management.—(1) A contract or agreement procured through the Supply chain management system of a municipality or municipal entity must—

1. be in writing;
2. stipulate the terms and conditions of the contract or agreement, which must include provisions providing for — the termination of the contract or agreement in the case of non- or under-performance;
3. dispute resolution mechanisms to settle disputes between the parties;
4. a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years;
5. And any other matters that may be prescribed.

Nature

Inspected the contract register and corresponding contracts for the following appointed companies and the following discrepancies were noted:

Tenders:

1. PC World:

No contract was submitted for PC WORLD.

2. TCB Engineering:

The contract submitted for TCB Engineering does not have the contract specifications, duration of the contract and there is no evidence that the contract was signed by both a representative of TCB Engineering and a representative of the municipality.

3. JICAMA 167 T/A AAS:

The submitted contract does not stipulate the contract end date.



The submitted contract does not stipulate the Rand value of the contract.

4. STANDARD BANK SA:

The duration of the contract was not stipulated in the contract that was submitted to the auditors.

5. TLOTLO-THLAGO PLANT HIRE:

The appointment letter stated that the contract will be effective upon the signing of a service level agreement. No service level agreement was submitted to the auditors.

6. MELOKUHLE GENERAL TRADING:

The duration of the contract was not stipulated in the contract.

7. INAFRICA GENERAL TRADING:

No witnesses signed the contract.

8. BVI CONSULTING

No contract end date stipulated in the contract.

Leases:

9. PIXLEY KA SEME DISTRICT MUN :

No contract was submitted to the auditors.

Nashua:

10. No contracts were submitted for assets with the following ID/Serial numbers:

1. CN7BNGY03D

2. CN73AFY033

Cause

Management did not ensure that adequate controls are placed over contract management.



Impact

Non-compliance with legislation which could result in irregular expenditure.

Internal control deficiency

Control deficiency

Financial and Performance Management

- 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

Recommendation

Recommendation

Management should ensure that contracts that are entered into with supplies are in line with applicable legislation.

Management response

Management response

1. PC World:

No contract was submitted for PC WORLD.

- Management agrees with the finding. All expenses for PC World has been recorded under Irregular Expenses due to the a lack of a contract

2. TCB Engineering:

The contract submitted for TCB Engineering does not have the contract specifications, duration of the contract and there is no evidence that the contract was signed by both a representative of TCB Engineering and a representative of the municipality.

-Management agrees with the finding.

3. JICAMA 167 T/A AAS:

The submitted contract does not stipulate the contract end date.

- Management disagrees with the finding. The contract was advertised for a period of three years as stipulated on the advertisement, tender document and SLA. The effective date of the contract was as per the contract signing date, 22/11/2018. Which means three years from the effective would means the contract comes to an end at 21/11/2021. A letter of notice was already issued to AAS notifying them of the contract expiry date. See below a screenshot from the contract specifying the period of this appointment.

The submitted contract does not stipulate the Rand value of the contract.

- Management disagrees with the finding. Due to the nature of the deliverables and use thereof, the municipality was unable to appoint the supplier on a fixed price. Hence, when advertising the tender, bidders were required to quote for rates only. This was however not a once off consignment delivery but rather continuous delivery of the water treatment works & waste water treatment works chemicals as and when required.

4. STANDARD BANK SA:

The duration of the contract was not stipulated in the contract that was submitted to the auditors.

- Management disagree with the finding. Clause 2.2.6 of the contract clearly stipulates the effective date of the contract as 01 July 2020. Further supported by Clause 4, Duration, which indicate that the contract will be for a period of five years from the effective date of the contract.

5. TLOTLO-THLAGO PLANT HIRE:

The appointment letter stated that the contract will be effective upon the signing of a service level agreement. No service level agreement was submitted to the auditors.

- Management disagrees with the finding. The tender document in this regard serves as the contract by having both parties signing MBD 7. The tender document also contains all the Terms and Conditions as well as the correct scope of work. This is further supported by MFMA Circular 25.

6. MELOKUHLE GENERAL TRADING:

The duration of the contract was not stipulated in the contract.

Management disagrees with the finding. The duration is from signing of the SLA until the project is completed.

7. INAFRICA GENERAL TRADING:

Management disagree with the finding. Attached is the final version that was signed by all parties.

8. BVI CONSULTING

No contract end date stipulated in the contract.

Management disagrees with the finding. The appointment of BVI is for the provision of Professional / Consulting Services/ for the Upgrading of Steynville Outfall Sewer Line for all phases. Their services are required until the completion of all phases. The end date is on completion of the project.

Leases:

9. PIXLEY KA SEME DISTRICT MUN :

See attached contract

Nashua:



10. No contracts were submitted for assets with the following ID/Serial numbers:

1. CN7BNGY03D
1. CN73AFY033

During the compilation of the contract register, the incorrect attachment was added to register. Herewith please see below the correct Nashua Contract.

Name: R. Shuping
Position: CFO
Date: 18/11/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

1. PC World:

No contract was submitted for PC WORLD.

- Management agreed with the finding, the finding remains valid. All expenses for PC world will be inspected during the audit to confirm that they were recognized as irregular expenditure.

- 2.

TCB Engineering:

1. Management agreed with the finding, the finding remains valid.

3. JICAMA 167 T/A AAS:

3.1. The submitted contract does not stipulate the contract end date.



Management's response noted. The finding is resolved.

3.2. The submitted contract does not stipulate the Rand value of the contract.

Management's response has been noted. The auditors request that the tender documents be submitted to confirm that the bidders were requested to provide rates.

4. STANDARD BANK SA:

Management's response was noted. Clause 2.2.6 of the contract clearly stipulates the effective date of the contract as 01 July 2020. The contract for standard bank that was submitted to the auditors however does not have clause 4. The finding therefore remains valid.

Subsequent to discussion held with management on the 07th February 2022, management submitted the standard bank contract and clause 4 was included. Therefore, the finding has been resolved.

5. TLOTLO-THLAGO PLANT HIRE:

Management's response has been noted. The finding is resolved.

6. MELOKUHLE GENERAL TRADING:

Management's response is noted. The finding is resolved. Expenditure payments will however be assessed to confirm that payments are in line with the contract value.

7. INAFRICA GENERAL TRADING:

Contract signed by witnesses was obtained. The finding is resolved.

8. BVI CONSULTING

Management's response is noted. The finding is resolved. Expenditure payments will however be assessed to confirm that payments are in line with the contract value.

9. PIXLEY KA SEME DISTRICT MUN :

Contract was submitted to the auditors. The finding is resolved.

10. Nashua:

Contract was submitted to the auditors. The finding is resolved.

66. COMAF 04: ISS.26: SCM Policy states that 2 quotations should be obtained

Audit Finding

Requirement

SCM regulation 16(a)

A Supply management policy must stipulate the conditions for procurement of goods and services through written or verbal quotations, which must include conditions stating –

1. That quotations must be obtained from at least three different providers ,preferably from but not limited to ,providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity , provided that if quotations are obtained from providers who are not listed , such providers must meet the listing criteria in the supply chain management policy required by regulation 14 (1) (b) and (c)

Nature

During the planning phase of the audit it was identified that paragraph 16(a) of the SCM policy of the municipality states the following:

For written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included); two written quotations will be required.

The supplier is to be selected and will be appointed on rotation basis, provided that items needed, parts or repairs could be supplied immediately.

The policy is therefore not aligned with SCM regulations 16(a) which state that that quotations must be obtained from at least three different providers.

Cause



This is due to lack of management oversight and further management failed to comply with regulations when developing their policies.

Impact

This will result in non-compliance and will be assessed for consideration for reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Leadership

Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.

Recommendation

Management should establish policies in alignment with prescribed regulations to avoid non-compliance with applicable regulations and Act.

Management response

Management agrees with the finding. The policy is still indicating such but through the system description it was confirmed that the municipality are not implement section 16(a) of the policy. This was reviewed and corrected on the policy.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 26/10/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management agreed with the finding. The finding remains valid as the SCM policy was not amended.



67. PARTIALLY RESOLVED: COMAF 14: ISS.30: Irregular expenditure: Three quotations not obtained**Audit Finding**

Requirements:

Municipal Supply Chain Management Regulations defined a formal written quotation as follows:

"Formal written price quotation" means quotations referred to in regulation 12 (1) ©.

Paragraph (1)© of Municipal Supply Chain Management Regulations states that a supply chain management policy must subject to regulation 11 (2), provide for the procurement of goods and services by way of formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included).

Paragraph 17(1) (a) of Municipal Supply Chain Management states that a supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality.

Nature

During the audit of Procurement and management contract it was identified that for the following written quotations, three quotations were not obtained:

Item description	value of award	Expenditure
11. MASIKULE GENERAL TRADING(Goods-Council function)	19 450	19 450
13. TF FOURIE INGENIEURSWERKE(COVID-19 Expenses)	28 196	14 098
14. HALSTED AND CO(EPWP Clothing)	69 708	33 182
16. TJ ALL Parts(Vehicle repairs and maintainance-EFT2020234017)	24 540	24 540

Cause

Lack of review of applicable laws and regulations by management

Impact

This will results in irregular expenditure of R141 894 and may be reported in both management and auditor's report.

Internal control deficiency**Control deficiency****Financial and performance management**

Management failed to review and monitor compliance with applicable legislation.



Recommendation

Recommendations

Management should draft their policies in accordance with the required regulations and aligning with those regulations, this is to avoid non-compliance as policies cannot override the legislation.

Management response

Management response

Item description	value of award	Expenditure	Management Response
11. MASIKULE GENERAL TRADING(Goods-Council function)	19 450	19 450	Management agrees
13. TF FOURIE INGENIEURSWERKE(COVID-19 Expenses)	28 196	14 098	Management agrees The value of the award was R14 098 and not R28 196
14. HALSTED AND CO(EPWP Clothing)	69 708	33 182	Management were unable to obtain three quotations for the following reason: 1. Quotes were requested from (Email attached to the payment voucher): <ul style="list-style-type: none"> • Newgen • Halsted • OVK • Vermeulens • AMD Vermeulens indicated they are unable to quote as they do not provide the items. AMD requested clarity on which the Municipality responded but never submitted a quotation. OVK never responded. Also note that the value of the award was R13 468.48 as per the order and not R69 708

16. TJ ALL Parts(Vehicle repairs and maintainance-EFT2020234017)	24 540	24 540		<p>Management does not agree. On the payment voucher indicated by AGSA quotes were received from various suppliers for the Supply and Delivery of the Engine for the vehicle. These suppliers were:</p> <ol style="list-style-type: none"> 1. Venter Hersteldineste 2. Gordon Trucks 3. Benchmarks 4. TJ All Parts
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Name: Radiile Shuping
 Position: Acting MM
 Date: 01/02/2022

Name:
 Position:
 Date:

Auditor’s conclusion

Auditor’s conclusion

Management response noted. However the finding remains.

Subsequent to management response only TJ ALL was resolved. Included in the payment voucher four quotations as per management response.

68. PARTIALLY RESOLVED: COMAF 14: ISS.39:Irregular Expenditure: Reasons for deviating were not recorded and approved by the CFO or an official designated by the CFO

Audit Finding

Requirements

Paragraph 17(1) (C) of Municipal Supply Chain Management states that:

A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that if it is



not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.

Paragraph 36(2) of the Municipal Supply Chain Management Regulations states that: The accounting officer must record the reasons for any deviations in terms of sub regulation (1) (a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

Nature

During the audit of procurement through written quotations it was identified that the following procurements that deviated from process of procurement had no reason recorded and approved by the CFO or designated official:

Item description	value of award	Expenditure C/Y
TSHEDZA SOLUTIONS PTY LTD	59 961	59 961
NEWGEN PUMPS AND VALVES(Maintenance-EFT2021104002)	31 270	31 270
MASIKULE GENERAL TRADING(Goods-Council function)	19 450	19 450
TF FOURIE INGENIEURSWERKE(COVID-19 Expenses)	28 196	14 098
HALSTED AND CO(EPWP Clothing)	69 708	33 182
TJ ALL Parts(Vehicle repairs and maintainance-EFT2020234017)	24 540	24 540
Sanitec(Hot hair dryer-EFT2020293004)	15 640	15 640

Cause

Inadequate internal controls over procurement management to ensure that the process is followed as required by the legislation

Impact

This will results in irregular expenditure of R248 765 and may be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should regularly review the applicable legislations and ensure that the procurement process is followed as required by legislation, where a process is not followed, correct procedure to deviate are correctly followed.



Management response**Management response**

Management do not agree with the finding as the approved deviations were submitted to AGSA.

Management agrees that the below items were not recorded under deviations, management request to adjust the deviations.

MASIKULE GENERAL TRADING(Goods-Council function)	19 450	19 450
TF FOURIE INGENIEURSWERKE(COVID-19 Expenses)	28 196	14 098
HALSTED AND CO(EPWP Clothing)	69 708	33 182

Name: Radiile Shuping
 Position: Acting MM
 Date: 01/02/2022

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted. However management did not submit the deviations when responding to the issue above.

The finding is therefore valid for the items that management agrees with.

Subsequent to discussions held with management on the 07 February 2022, it was confirmed that the following suppliers were included in the deviation register.

Item description	value of award	Expenditure C/Y
TSHEDZA SOLUTIONS PTY LTD	59 961	59 961
NEWGEN PUMPS AND VALVES(Maintenance-EFT2021104002)	31 270	31 270



Sanitec(Hot hair dryer-EFT2020293004)	15 640	15 640
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69. COMAF 10: ISS.52: Non-compliance with regulation 36(1)-Reason for deviation from competitive bidding process

Audit Finding

Requirements

Regulation 36(1) (I) of Supply Chain Management states that:

A supply chain management policy may allow the accounting officer to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only in an emergency; if such goods or services are produced or available from a single provider only; for the acquisition of special works of art or historical objects where specifications are difficult to compile; acquisition of animals for zoos; or in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

Supply Chain Management policy defined “emergency procurement” as:

Cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or misery such as floods or fires.

Nature

During the audit of SCM: Deviation from tender process for Rehabilitation of sports facilities the following was identified as reason of emergency for management to deviation from tender process per bid adjustment committee meeting held on 01 February 2021:

1. The time-frames were not favorable for the municipality to re-advertise as advertisement require a minimum of 30 days
2. The municipality was avoiding the risk to forfeit the funds for the project if a service provider is not appointed or project is not implemented.

Therefore the reasons for deviating from normal SCM processes were not assessed as reasonable nor justifiable as they were due to poor planning.

Cause

Management failed to implement proper controls to ensure that applicable laws and regulations are applied correctly and proper planning for projects of the municipality.

Impact

This will result in irregular expenditure due to non-compliance and possible financial loss of R10 925 000 and may be reported in both management report and audit report.

Internal control deficiency

Control Deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable laws and regulations.

Recommendation

Recommendations

Management should review the applicable laws and regulations correctly and that deviations are justifiable and are incurred as a matter of emergency.

Management response

Management response

Agree and request to adjust the reason to deviate to any other exceptional case where it is impractical or impossible to follow the official procurement processes.

Name: Radiile Shuping
Position: Acting Municipal Manager
Date: 25/01/2022

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response acknowledged and the finding remains.

70. PARTIALLY RESOLVED: COMAF 11: ISS.56: Non-Compliance-Bid specifications were drafted in a biased manner

Audit Finding

Requirements

Paragraph 27(2) (a) of the Supply Chain Management Regulation states that: Specifications must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services.



During the audit of competitive bidding for the year ended 30 June 2021, the following was identified:

1. TLM01/2020/21-Awarded to TLOTLO-THLAGO PLANT HIRE: - The invitation specifically indicated that the municipality for TLM01/2020/21 specifically required a CIDB grading level of 6CE or higher. This encourages the bidders with history of tenders below R20 million per grading selection whereas the tender value range was less than R20 million.
2. TLM 05/2020/21: Awarded to INNOVO NETWORKS: - no specifications were drafted as there were no minutes, composition of committee or report of the specifications, furthermore the specifications were no included in invitation. The municipality did not specify which ICT service is required. Furthermore the requirements for Anti-virus and support were not stated in invitation but identified in bid adjudication committee minutes dated 23 July 2021.
3. TLM 06/2020/21: Awarded to INFRATEC CONSULTING-It was noted that the potential bidder SNG was awarded zero points for a CA (SA) with FAR compliance experience, the CA (SA) qualification certificate attached to the bidding documents was obtained in 1992, and the CV of the CA (SA) (Abraham Herman's Leach) indicated several areas of expertise including regularity and performance audits in both the public and private sector.
4. TLM07/2020/21: Awarded to SOMANDLA TRADING-the invitation for TLM07/2020/21 does not specify the bid specifications but referred the bidders to contact municipal official. Furthermore the briefing session (25 May 2021) is only after 5 days later after date of opening for bidding (20 May 2021).

Cause

Management failed to review the applicable laws and regulations.

Impact

This may results in irregular expenditure and possible financial loss and may be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that the specifications are included in the invitation for transparent and are specifically evaluated to avoid excluding other potential bidder thus by ensuring adherence to applicable laws and regulations

Management response



.Management response

1. TLM01/2020/21-Awarded to TLOTLO-THLAGO PLANT HIRE: - The invitation specifically indicated that the municipality for TLM01/2020/21 specifically required a CIDB grading level of 6CE or higher. This encourages the bidders with history of tenders below R20 million per grading selection whereas the tender value range was less than R20 million.

Management disagree: This was discussed with Pfano and concluded as resolved.

2. TLM 05/2020/21: Awarded to INNOVO NETWORKS: - no specifications were drafted as there were no minutes, composition of committee or report of the specifications, furthermore the specifications were no included in invitation. The municipality did not specify which ICT service is required. Furthermore the requirements for Anti-virus and support were not stated in invitation but identified in bid adjudication committee minutes dated 23 July 2021.

Management disagree: Specifications were drafted and minutes are attached. In the tender document the ICT services required are included, including the Anti-virus. Refer to section 1.1.2 under the scope of works in the tender document

3. TLM 06/2020/21: Awarded to INFRATEC CONSULTING-It was noted that the potential bidder SNG was awarded zero points for a CA (SA) with FAR compliance experience, the CA (SA) qualification certificate attached to the bidding documents was obtained in 1992, and the CV of the CA (SA) (Abraham Hermanus Leach) indicated several areas of expertise including regularity and performance audits in both the public and private sector.

Management partially agree: SNG was awarded zero points for a CA (SA) with FAR compliance experience. The functionality committee omitted the score of the CA (SA) and SNG qualified to be evaluated further.

Even when they are evaluated further in terms of pricing Infratec Consulting is still the highest in terms of PPPFA and remained the recommended bidder, and there is no financial loss.

4. TLM07/2020/21: Awarded to SOMANDLA TRADING-the invitation for TLM07/2020/21 does not specify the bid specifications but referred the bidders to contact municipal official. Furthermore the briefing session (25 May 2021) is only after 5 days later after date of opening for bidding (20 May 2021).

Management disagree: This was discussed with Pfano and concluded as resolved.

Name: R. Shuping
Position: AMM
Date: 13/01/2021



Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted, Issues partially resolved as stated per finding by management. Subsequent to discussions held with Management on the 07 February 2022. The above matters relating to the suppliers were resolved with an exception of supplier Infracotec.

71. COMAF 14: ISS.63: Non-Compliance: Possible cover quoting were evident

Audit Finding

Paragraph 38(1) (b) of the Municipal Supply Chain Management Regulations states that: A supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer to investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with the supply chain management policy, and when justified take appropriate steps against such official or other role player; or report any alleged criminal conduct to the South African Police Service.

Nature

During the audit of procurement through written quotations it was identified that the following indicators of possible cover quoting were evident:

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering)-R20 000

There are indicators that the prospective provider (Foursome catering) quotation may not be valid as no other details provided of supplier (CSD report/CSD number/contact details/banking details and etc.) were provided. Furthermore it was confirmed that the quotation of Foursome catering is exactly as CNSM quotation with formatting, font, address, borderlines and pricing.

Furthermore through inspection of quotations it was confirmed that the winning quotation came from same address as the other losing quotations.

2. JUST 4 JAM TRADE & DISTRIBUTION (Catering Wreaths)-R30 200

There are indicators that the prospective provider (Ojays Logistics and Training) quotation may not be valid as no other details provided on quotation such as CSD number, tax number (if registered) or company registration number.

Furthermore through inspection of quotations it was confirmed that the winning quotation came from same address as the other losing quotation.



Cause

Significant inadequate internal controls over procurement management

Impact

This may result in non-compliance with paragraph 38 of the Supply Chain Management Regulations and may be reported in both management and auditor's report based on further evaluation.

Internal control deficiency

Control Deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that there is proper review when they accept quotations for further evaluation to avoid any non-compliance with the regulations. Management should do proper review and follow up of quotations with same address, formatting and wording to avoid non-compliance with applicable regulations.

Furthermore diligent is required to conclude that three quotations were obtained, quotations with no other information than price and name of the supplier does not give sufficient evidence if the supplier exist, if the prospective supplier is of lowest price how will management contact that supplier? It is noted that management can check on CSD other details but it is not evident that the quotation with merely a name and products does not contain errors that may prevent the municipality to identify the actual supplier that submitted the quotation.

Management response

Management response

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering)-R20 000
 - Management take note of the AG's concern and will address the issue with suppliers to include all the required information on their letterheads.
 - All suppliers in question are located in Steynville, Hopetown Community hence all the quotations will have that address on their quotes.

2. . JUST 4 JAM TRADE & DISTRIBUTION (Catering Wreaths)-R30 200
 - Management do not agree as oJays Logistics is a valid supplier. CSD report were provided on request by AG on 14/12/2021
 - All suppliers in question are located in Steynville, Hopetown Community hence all the quotations will have that address on their quotes.

Name: Radiile Shuping

Position: Acting MM

Date: 01/02/2022



Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted, the finding remains valid as management agreed to the finding.

72. COMAF 11: ISS.70: Advertisement of bidding open for less than required period

Audit Finding

Requirement

Paragraph 22(1) (b) (I) of the Supply Chain Management Regulations states that:

Supply chain management policy must determine the procedure for the invitation of competitive bids, and must stipulate the information a public advertisement must contain, which must include the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper.

Nature

During the audit of competitive bidding it was confirmed that the following tenders were not open for the required period as per paragraph 22(1) (b) (I) of the Supply Chain Management Regulation:

1. TLM 05/2020/21: INNOVO NETWORKS(Three years period tender):Advertised on 07 April 2021 and closed on 30 April 2021, which is less than 30 days as required for long term nature
2. TENDER NO: TLM06/2020/21: INFRATEC(Three years period tender): Advertised on 26 May 2021 and closed on 15 June 2021, which is less than 30 days as required for long term nature
- 3.

Cause

Lack of review by management of applicable laws and regulations.

Impact

This will result in non-compliance and may also results in irregular expenditure and reported in both management and auditor's report.



Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendation

Management should ensure that the invitation is open for the required period as per Supply Chain Management regulation 22(1) (b) (l).

Management response

Management response

1. TLM 05/2020/21: INNOVO NETWORKS(Three years period tender):Advertised on 07 April 2021 and closed on 30 April 2021, which is less than 30 days as required for long term nature

Management Disagree: Long term nature contracts are contracts above 3 year period. 3 Year contracts fall within the medium term revenue and expenditure framework.

1. TENDER NO: TLM06/2020/21: INFRATEC (Three years period tender): Advertised on 26 May 2021 and closed on 15 June 2021, which is less than 30 days as required for long term nature.

Management Disagree: Long term nature contracts are contracts above 3 year period. 3 Year contracts fall within the medium term revenue and expenditure framework.

Name: R. Shuping
Position: AMM
Date: 13/01/2021

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion



1. TLM 05/2020/21: INNOVO NETWORKS:-Management response noted, however the finding remains because of the following:-management should kindly note that the budget they referred to it covers until 2022/23 expenditure. It was noted that the appointment letter was only sent to the supplier on 30 July 2021, therefore for three year contract without even taking into consideration the date of acceptance of contract(which is the effective date), the contract will end on 29 July 2024, which is out of the medium term revenue and expenditure framework referred to.
2. TENDER NO: TLM06/2020/21: INFRATEC: - Management response noted, however the finding remains because of the following:-management should kindly note that the budget they referred to it covers until 2022/23 expenditure. It was noted that the bid adjudication committee minutes were dated 25 June 2021, therefore for three year contract without even taking into consideration the date of acceptance of contract(which is the effective date), the contract will end on 24 June 2024, which is out of the medium term revenue and expenditure framework referred to.

Subsequent to discussions held with management on the 07th February 2022, the following was determined:

1. Through the inspection of the Municipality SCM policy, it was confirmed that the long term is considered as contracts exceeding a period of one year. Therefore INNOVO and INFRATEC suppliers are long term contracts.
2. Since the suppliers contracts are considered as long term contracts in terms of SCM reg. 22(1)(b)(i)

“The bid was advertised for a minimum period of not less than 30 days in the case of transactions over R10 million (Vat included) or of long term nature, or 14 days in any other case.”

The bid should have been advertised for a period more than 30 days.

Based on the above, the finding remains.

73. PARTIALLY RESOLVED: COMAF 14: ISS.73: Irregular expenditure: The reasons to deviate does not appears reasonable/ justified on the basis that it was impossible/ impractical to obtain 3 written quotations.

Audit Finding

Requirements



Paragraph 17(1) (C) of Municipal Supply Chain Management states that a supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.

Nature

During the audit of procurement process followed for written quotations, it was identified that for the following procurements a process was not followed and the following reasons were provided to deviate from process of obtaining three quotations:

1. TSHEDZA SOLUTIONS PTY LTD-R59 961-

Management reason to deviate: "Deviate on advertising for seven days, only two quotes were obtained and the equipment was needed urgently."

Based on reason provided above it can be concluded that the reason does not appear reasonable. Furthermore it does not appear impossible/impractical to obtain 3 quotations as indicated that management deviate from advertisement as the machine was in need immediately. The machine was not to safe human life. It can be concluded that urgent procurement was due to poor planning by management.

2. NEWGEN PUMPS AND VALVES (Maintenance-EFT2021104002)-R31 269, 65

Inspected the deviation register and confirmed that the reason provided to deviate was not reasonable and justified.

Management reason to deviate: "emergency procurement"

The reason does not appear reasonable/justifiable as there was no reason to support the emerge to procure the pipes, it was further identified through audit that procurement of maintenance using same supplier of Newgen in subsequent was evident obtaining different quotations, this is due to poor planning as management should have done proper planning of maintenance needed and follow competitive bidding for the prospective supplier to assist with the maintenance material needed instead of different quotations and emergency procurement which is not justifiable.

3. INAFRICA GENERAL TRADING (QUOTE03/2020/21)-R78 480

Management reason for deviation: It was indicated that as per SAQA accreditation listing, no service provider was registered for the service. It was further indicated that through enquiries from other accredited institutions Infrica General Trading is accredited to provide the service.

Based on evaluation of the reason provided above, the reason does not appear to be reasonable or justifiable unless management can prove that only Inafrica general trading is accredited with other institutions, and indicate those other institutions that only INAFRICA general Trading is registered.

4. Sanitec (Hot hair dryer-EFT2020293004)-R15 640

Management reason for deviation: It was indicated that the existing contract with Sanitec expired and to purchase the equipment was an optional, it was further indicated that Sanitec is the only supplier.

The reasons provided does not appear to be justifiable or reasonable as there are several suppliers that can supply the hot hair dryer.

Cause



This is due to lack of review by management of applicable laws and regulations and inadequate controls over procurement process.

Impact

This will result in irregular expenditure and possible financial loss of R185 351 and will be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendation.

Management should ensure that the reasons to deviate does not intervene with the requirements of applicable legislation, it is expected of management to have proper process in place to plan for procurement of products/services per legislative time lines/procurement process, unless the need arise that is justifiable or reasonable.

Management response

1. TSHEDZA SOLUTIONS PTY LTD- R59 961 – The procurement was done shortly after it was instructed in the council meeting that all heaps should be removed immediately in the community. Various Service Providers were contacted via telephone to request the availability of the required equipment. Only the two Service Providers the attached quotes were able to assist.

2. NEWGEN PUMPS AND VALVES (Maintenance - EFT2021104002)-R31 269, 65 – The procurement was done due to the bursting of the main inflow pipe that provides water to the communities of Thembelihle. No planning could have been done as one cannot foresee that an underground pipe will be bursting soon. This was regarded as an emergency as all water supplies were affected for the day and therefore these pipes are procured and replaced on occurrence of incidents. Buying these pipes upfront will also be fruitless and wasteful for the Municipality as the bursting of pipes is a rare occurring.

3. INAFRICA GENERAL TRADING(QUOTE03/2020/21)- R78 480
Management agrees. Request to update the Irregular Expenditure

4. Sanitec(Hot hair dryer-EFT2020293004)-R15 640
Management do not agrees. The contract with Sanitec ended and the option to purchase these items were viable. These items were already installed at the Municipal Premises and were electrified. Taking them out, would have meant the Municipality would need to buy new hand dryers, install them and electrify. It was also noted that the cost of all the works would have been much more than the option to take over the existing machines.

Name: Radiile Shuping
Position: Acting MM



Date: 01/02/2022

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

1. Management response noted, the finding remains. The finding does not constitute an emergency as per the requirement of SCM reg 36(1)(a)
2. Management response noted, the finding will be resolved as it constitutes an emergency based on management response.
3. Management response noted and remains valid as management agreed to the finding.
4. Management response noted, however the finding remains valid. The finding does not constitute an emergency as per the requirement of SCM reg 36(1)(a)

74. Partially resolved: COMAF 15: ISS.82: Non-Compliance: No declaration of interest attached/declaration not complete

Audit Finding

Requirements:

Paragraph 13 (1) (a) of the Municipal Supply Chain Management Regulations states that:

A supply chain management policy must state that the municipality may not consider a written quotation unless the provider who submitted the quotation has furnished the municipality or with that provider's—

- (i) Full name;
- (ii) Identification number or company or other registration number; and
- (iii) Tax reference number and VAT registration number, if any

Paragraph 13 (1) (b) of the Municipal Supply Chain Management Regulations states that:

A supply chain management policy must state that the municipality may not consider a written quotation unless the provider who submitted the quotation has authorized the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and has indicated—



(I) Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months ; or

(iii) Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Nature

During the audit it was identified that the following winning providers did not submit declaration or the declaration was not completed in full:

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering) R20 000:-No declaration of interest (MBD 4) was attached to the supporting evidence.
2. CNSM TRADING (Catering) R39 933-Only one director interest could be confirmed.
3. NEWGEN PUMPS AND VALVES (Maintenance-EFT2021104002) R31 269, 65-No declaration of interest in state
4. LIZENDAS EVENTS (Catering) R55 664, 5-MBD 4 not completed in full (no signature and declaration of interest in state).

Cause

This is due to lack of internal controls and proper review over procurement process.

Impact

This will result in irregular expenditure of R146 867 and will be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that evaluated suppliers have completed required documents and in full to avoid non-compliance with applicable regulations.

Management response

Management response

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering) R20 000:-No declaration of interest (MBD 4) was attached to the supporting evidence.

2. CNSM TRADING (Catering) R39 933-Only one director interest could be confirmed.

Management do not agree. MBD form are attached to the payment given to AG of R39 933 given to AG



3. NEWGEN PUMPS AND VALVES(Maintenance-EFT2021104002)R31 269,65-No declaration of interest in state
See attached

4. LIZENDAS EVENTS (Catering) R55 664, 5-MBD 4 not completed in full (no signature and declaration of interest in state).
Management do not agree. MBD 4 is attached to the payment.

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering) R20 000:-No declaration of interest (MBD 4) was attached to the supporting evidence.

Management response acknowledged. Subsequent to Management response, management submitted the MBD 4 and it was confirmed that the supplier declared the interest. Therefore, the finding has been resolved.

2. CNSM TRADING (Catering) R39 933-Only one director interest could be confirmed.

Management response acknowledged. However the finding remains. Subsequent to Management discussion held on the 09 February 2022 confirmed that the director Steven Fote completed the declaration on behalf of the other directors as a whole. Therefore the finding has been resolved.

3. NEWGEN PUMPS AND VALVES (Maintenance-EFT2021104002) R31 269, 65-No declaration of interest in state.

Management response acknowledged. Subsequent to Management response, management submitted the MBD 4 and it was confirmed that the supplier declared the interest. Therefore, the finding has been resolved.

4. LIZENDAS EVENTS (Catering) R55 664, 5-MBD 4 not completed in full (no signature and declaration of interest in state).

Management response noted. However the finding remains.
Management should note that the issue is not that the declaration of interest was not submitted. Rather it is because the MBD 4 was not completed in full.

75. COMAF 19: ISS.83: Suppliers not registered as prospective suppliers

Audit Finding

Requirements:

Regulation 17(b) of the Municipal Supply Chain Management states that:

A supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by regulation 14 (1) (b).

Nature

During the audit of procurement process for quotations it was identified that for the following procurement one of three quotations were not obtained from the registered prospective suppliers:

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering)-R20 000:-it was noted that Foursome catering (one of quotations) was not registered as a prospective supplier.
2. NEWGEN PUMPS AND VALVES (Maintenance-EFT2021020016)-R518 282, 05(Total payment to supplier as several quotes were attached that does not reconcile with the payment made):-it was noted that Plumb link (one of quotations) was not registered as a prospective supplier.
3. C-PAC Pumps & Valve (Maintenance-EFT2021020006)-R76 588, 85(Total payment to supplier as several quotes were attached that does not reconcile with the payment made)-it was noted that Plumb link (one of quotations) was not registered as a prospective supplier.

Cause

Lack of oversight by management over procurement process.

Impact

This may result in irregular expenditure of R614 870.90 and may be reported in both management and auditor's report based on further evaluation.

Internal control deficiency

Control deficiency Financial and performance management



Management failed to review and monitor compliance with applicable legislation.

Recommendation

Management should ensure that the procurement process applicable laws and regulations are monitored and applied to the process.

Management response

Management disagrees with the finding.

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering)-R20 000:-it was noted that Foursome catering (one of quotations) was not registered as a prospective supplier.
No transaction was made with the Supplier (Foursome catering)

2. NEWGEN PUMPS AND VALVES (Maintenance-EFT2021020016)-R518 282, 05(Total payment to supplier as several quotes were attached that does not reconcile with the payment made):-it was noted that Plumblink (one of quotations) was not registered as a prospective supplier.
CSD Report OF Plumblink was provided to AG

3. C-PAC Pumps & Valve (Maintanance-EFT2021020006)-R76 588, 85(Total payment to supplier as several quotes were attached that does not reconcile with the payment made)-it was noted that Plumblink (one of quotations) was not registered as a prospective supplier.
CSD Report OF Plumblink was provided to AG

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

1. JUST 4 JAM TRADE & DISTRIBUTION (Catering) – Management comment noted. However, the finding remains as there is non-compliance of Regulation 17(b) of the Municipal Supply Chain Management.
2. NEWGEN PUMPS AND VALVES (Maintenance – Inspected the CSD report (date: 02 June 2021, supplier number: MAAA0822901) submitted by management and confirmed that the supplier is registered.



3. C-PAC Pumps & Valve - Inspected the CSD report (date: 22 June 2020, supplier number: MAAA012229) submitted by management and confirmed that the supplier is registered.

A NON-COMPLIANCE will be reported for JUST 4 JAM TRADE & DISTRIBUTION

76. COMAF 15: ISS.84: Non-Compliance: Director in service of state for the previous twelve month

Audit Finding

Requirements:

Paragraph 13 (1) (a) of the Municipal Supply Chain Management Regulations states that:

A supply chain management policy must state that the municipality may not consider a written quotation unless the provider who submitted the quotation has furnished the municipality or with that provider's—

- (i) Full name;
- (ii) Identification number or company or other registration number; and
- (iii) Tax reference number and VAT registration number, if any

Paragraph 13 (1) (b) of the Municipal Supply Chain Management Regulations states that:

A supply chain management policy must state that the municipality may not consider a written quotation unless the provider who submitted the quotation has authorized the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and has indicated—

- (i) Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months ; or
- (iii) Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

During the audit of procurement process through written quotations it was identified for the following procurement the directors have interest in state for the past twelve month:

1. TSHEDZA SOLUTIONS PTY LTD R59 961-The director had interest in state in the past twelve month served in Department of health, Department of transport & Justice, Department of social development, SAPS and SANDF.
2. G3 GROUP (PTY) LTD-(COVID EXPENSES-QUOTE13/2020/21) R147 981(R36849, 17+ R111 131, 64)-The director declared to have interest in state.

Cause

Inadequate internal controls over procurement management

Impact



This will result in irregular expenditure of R 207 942 and will be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that proper review of selected supplier is done in accordance with the applicable regulations of Supply Chain Management...

Management response

Management response

1. TSHEDZA SOLUTIONS PTY LTD R 59 961

This is clearly an incorrect disclosure, the supplier supplied these departments with service and was not subsequently an employee of the departments.

2. G3 GROUP(PTY)LTD

The statement is incorrect, the Director of G3 disclosed on the MBD 4 (3.11) that his wife is the service of state. Working at Sol Platies Municipality and not himself. Please refer to the MBD 4 attached on the payment of the 6 laptops.

Name: Radiile Shuping

Position: Acting MM

Date: 02/02/2022

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

1. Management response acknowledged. The finding remain valid unless management provided.
2. Management response acknowledged, Subsequent to management response, the auditor noted that no supporting evidence is attached. The finding remains valid unless management provides the auditor with support stated on the management response for the auditor to assess.



Subsequent to auditors' response, Management provided the auditor on the 2022/02/09 with MBD 4 of G3 Group Pty Ltd director signed on the 2021/03/10 and confirmed that the director does not have any interest, it is only the wife is an employee at SOL Platies Local Municipality. Therefore the finding is resolved.

77. ISS.86: Non-Compliance: Total payments made exceed the quoted amount

Audit Finding

Requirements

Section 62(1) (d) of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Nature

During the audit process of procurement and contract management for quotations the following was identified:

NEWGEN PUMPS AND VALVES (EPWP)-(EFT2021014003)

It was noted that total payment made R13 757, 45 for the quote was more than the quoted amount (12 101, 45).

Cause

Inadequate controls over procurement process and lack of oversight by management.

Impact

This may result in irregular expenditure and may be reported in both management and auditor's report based on further evaluation

Internal control deficiency

Internal Control Deficiency

Financial and performance management:

Management did not implement controls over daily and monthly processing and reconciling of transactions.

Recommendation

Recommendations

Management should ensure that the payments made do not exceed the quoted amounts to avoid non-compliance with applicable laws and regulations.

Management response



Name:

Position:

Date:

Auditor's conclusion

78. ISS.88: Limitation of scope: No quotation in place of relevant quotation attached for the auditor to determine if the total payments do not exceed the quoted amount.

Audit Finding

Requirements

Section 62(1) (b) of the Municipal Finance Management Act (MFMA) states that:

The accounting officer must take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

Nature

During the audit of procurement process it was noted that the following quotes were not in place, this posed difficulties in auditor to confirm that the payments made are not more than the quoted amounts and other requirements:

1. NEWGEN PUMPS AND VALVES (Maintenance-EFT2021020016)
2. C-PAC Pumps & Valve (Maintanance-EFT2021020006)

Cause

This is due to lack of oversight by management

Impact

This may results in understatement of irregular expenditure that should have been disclosed.

Internal control deficiency

Leadership

Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Recommendation

Recommendations

Management should ensure that there is supporting evidence readily available as evidence.

Management response



Name:

Position:

Date:

Auditor's conclusion

79. ISS 89: Service provider declared to have interest in state

Audit Finding

Regulation 44 of the Municipal Supply chain regulation states that:

The supply chain management policy of a municipality or municipal entity must, irrespective of the procurement process followed, state that the municipality or municipal entity may not make any award to a person

(A) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) Who is an advisor or consultant contracted with the municipality or municipal entity.

During the audit of procurement process through competitive bidding it was identified for the following procurement the directors have interest in state for the past twelve month:

-TENDER NO: TLM07/2020/21: For Supply and Delivery of Pour Flush Toilets (SOMANDLA TRADING) R 6 911 327, 50: The director declared to have interest in state.

Cause

Inadequate internal controls over procurement management

Impact

This will result in irregular expenditure of R 6 911 327, 50 and may be reported in both management and auditor's report based on further evaluation.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that proper review of selected supplier is done in accordance with the applicable regulations of Supply Chain Management.



Management response

Management response

Management do not agree. It is evident that bidders are getting confused between in service of the state and doing business with the state. Below are State employee verification done on the DPSS indicating that Ms. Matlala is not in Service in State?

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response acknowledged. The supplier declared on the MBD 4 form that the supplier has been in the service of the state for the past twelve months. The instance is non-compliance with SCM reg 44 and MFMA 112(1) (j) and therefore the finding remains.

80. COMAF 16: ISS.90: Non-Compliance: Winning contractor not registered with CIDB and required grading

Audit Finding

Requirements

Section 18. (1) Of the Construction Industry Development Board (CIDB) states that:

A contractor may not undertake, carry out or complete any construction works or portion thereof for public sector contracts, awarded in terms of competitive tender or quotation, unless he or she is registered with the Board and holds a valid registration certificate issued by the board.

Section 18(2) of the Construction Industry Development Board (CIDB) states that:

Any contractor who carries out or attempts to carry out any construction works or portion thereof under a public sector contract and who is not a registered contractor of the Board in terms of this Act, is guilty of an offence and liable, on conviction, to a fine not exceeding ten per cent of the value of the contract so carried out.

Nature

During the audit of procurement and contract management for procurement of the design, construction and monitoring of the sports facilities for a period of three years (MELOKUHLE GENERAL TRADING) the following was identified:

1. Registration with CIDB expired on 02 March 2018 for a grading level of 1CE PE as opposed to the required 6CE grading.



2. Furthermore it was indicated in the deviation register that Melokuhle was disqualified for not meeting CIDB requirements on 19 November 2020 for the project in initial tender process cancelled.

No other evidence provided that Melokuhle was registered at the time of appointment.

Cause

Inadequate internal controls over procurement process and lack of review applicable legislation and laws by management.

Impact

This may results in irregular expenditure and possible financial loss of R10 925 000 and may be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should read the applicable legislation and laws with due care to avoid non-compliance with regulations as this results in irregular expenditure and possible financial loss that required recovery.

Management response

Partially agree

Name: Radiile Shuping

Position: Acting MM

Date: 02/02/2022

Name:

Position:

Date:

Auditor's conclusion

Management response acknowledged. Management partially agree therefore the finding remains valid.

81. COMAF 16: ISS.91: Non-Compliance: winning contractor grading not suitable for the value of project



Audit Finding**Requirement**

Paragraph 17(1A) (a) of Construction Industry Development Board regulation states that: Despite the values determined in government notice No. 692 of 9 June 2004, every project consisting of a single construction works contract for the public sector of which the value exceed R200 000 must be registered in accordance with this part".

Contractor grading resignation	Less than or equal to
1(Class of Construction works)	R200 000,00
2(Class of Construction works)	R650 000,00
3(Class of Construction works)	R2 000 000,00
4(Class of Construction works)	R4 000 000,00
5(Class of Construction works)	R6 500 000,00
6(Class of Construction works)	R13 000 000,00
7(Class of Construction works)	R40 000 000,00
8(Class of Construction works)	R130 000 000,00
9(Class of Construction works)	No Limit

Nature

During audit of the procurement process it was noted that the CIDB extract from the CIDB website (www.cidb.org.za) for grading level suitable for contract value had a grading level of 1CE PE(membership expired before appointment) which is lower than the required grading level of 6CE or higher.

Cause

Lack of oversight by management over internal controls of procurement.

Impact

This will results in irregular expenditure and possible financial loss of R10 925 000 and may be reported in both management and auditor's report.

Internal control deficiency**Control Deficiency****Financial and performance management**

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations



Management should ensure that the contractor appointed is suitable in terms of grading for the project as per requirements

Management response

Partially agree

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management response acknowledged. Management partially agree therefore the finding remains valid.

82. COMAF 16: ISS.92: Non-compliance-Contract awarded to contractor with grading lower than required by more than 15%

Audit Finding

Requirements:

CIDB Regulation 25 align with the requirement which states that:

If the contract was awarded to a contractor who is registered at a grade lower than the required grade:-

- a) The margin with which the tenderer exceeded his/her tender value range is reasonable (not more than 15%) and
- b) The award of the contract does not pose undue risk to the organ of state (there must be risk assessment done)

Nature

During the audit of procurement process it was identified that the CIDB extract for Melokuhle General Trading from the CIDB website(www.cidb.org.za) for minimum grading level had a grading level of 1CE PE which is lower than the required grading level of 6CE by more than 15%.

Cause

There is inadequate controls over the procurement process.

Impact

This may results in irregular expenditure and possible financial loss of R10 925 000 and may be reported in both management and auditor's report.

Internal control deficiency



Requirements

Financial and performance management

Management failed to review and monitor compliance with applicable legislation

Recommendation

Recommendations

Management should perform a proper review and follow the criteria set for the specific project.

Management response

Management partially agrees

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:

Position:

Date:

Auditor's conclusion

Based on management response, management partially agrees, therefore the finding remains.

83. COMAF 18: ISS.93: Procurement process not followed for the continued need of service of the contract ending within the next 6 month

Audit Finding

Requirement

Section 62(1) (c) of the Municipal Finance Management Act states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Nature

During audit of the procurement process it was confirmed that the following projects or contracts relates to the continued needs of the auditee ending with the next 6 months there was no procurement process started for the appointment of a new service provide:

1. TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-the contract ended on 01 December 2020, however the process to appoint new service was only commenced on 07 April 2021(date of advertisement)
2. TLM 09/2018/19- PREPARATION OF AFS (MORAR INCORPORATED):-the contract ended on 30 November 2021, however the procurement process only commenced on 2021/22 financial year end.
3. TLM S32 -02/2018/19-COMPILATION OF FIXED ASSET REGISTER (SHAI CONSULTING ENGINEERS):-the contract ended on 30 November 2020, however the procurement process only commenced on 26 May 2021.

Cause

This is due to inadequate controls over procurement process and lack of oversight by management

Impact

This will results in significant internal control deficiency and will be reported in both management and auditor's report

Internal control deficiency

Control deficiency

Leadership

Leadership did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities

Recommendation

Recommendations

Management should evaluate the need of service before the end of contract of the existing service provider, this should be done within the six month of ending of contract of existing serving provider, not after the contract ended as this significantly indicate poor planning by management.

Management response

1. TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-the contract ended on 01 December 2020, however the process to appoint new service was only commenced on 07 April 2021(date of advertisement)

Management agrees that the process started less than six month before the PC world Contract ended. However, the process of obtaining a new Service Provider was started in August 2020 already with BSC meeting taking place on 04/09/2020 and the Tender being advertised on 11/09/2020 as per the screenshot below. The tender was advertised as TLM02/2020/21 but was can-celled due to affordability.

1. TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-the contract ended on 01 December 2020, however the process to appoint new service was only commenced on 07 April 2021(date of advertisement)

Management agrees that the process started less than six month before the PC world Contract ended. However, the process of obtaining a new Service Provider was started in August 2020 already with BSC meeting taking place on 04/09/2020 and the Tender being advertised on



11/09/2020 as per the screenshot below. The tender was advertised as TLM02/2020/21 but was can-celled due to affordability.

2. TLM 09/2018/19- PREPARATION OF AFS (MORAR INCORPORATED):-the contract ended on 30 November 2021, however the procurement process only commenced on 2021/22 financial year end.

Management agree

3. TLM S32 -02/2018/19-COMPILATION OF FIXED ASSET REGISTER (SHAI CONSULTING ENGINEERS):-the contract ended on 30 November 2020, however the procurement process only commenced on 26 May 2021.

Management agree

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management response acknowledged. Based on the management response. Management agree with the finding and therefore the finding remains. An internal control deficiency and will be reported in both management and auditor's report

84. COMAF 16: ISS.98: Control deficiency: no notification to inform DTI of the successful bidder and value of award

Audit Finding

Requirements

National Treasury instruction notes (Post Award and Reporting Requirements section) requires the following:

That the DTI was notified of the successful bidder and the value of the contract

The DTI was provided with copies of the contracts and the bidder's MBD 6.2 certificate



Nature

During the audit of the procurement process, it was noted that the DTI was not notified of successful bidder and the value of contract of the following procurements with local content:

1. QUOTE05/2020/21(Supply and delivery of PPE for EPWP): Newgen
2. TLM01/2020/21(Supply of refurbishment of the waste-water treatment works): Tlotlo-Tlhago Plant hire and transport
3. QUOTE12/2020/21(Supply, delivery and branding of personnel protective clothing): Manemk (PTY) LTD

Cause

Inadequate internal controls over procurement process

Impact

This may result in significant control deficiency and may be reported in both management and auditor's report based on further evaluation.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that DTI is informed of the procurements that require a calculation of local content and is notified of the supplier awarded to gather with the value of award unless stated otherwise.

Management response

1. QUOTE05/2020/21(Supply and delivery of PPE for EPWP):Newgen

Management agree

2. TLM01/2020/21(Supply of refurbishment of the waste-water treatment works):Tlotlo-Tlhago Plant hire and transport

Management disagree. The Municipality procured services and not goods, therefore local content was not applicable.

3. QUOTE12/2020/21(Supply, delivery and branding of personnel protective clothing):Manemk (PTY)LTD

Management agrees

Name: Radiile Shuping

Position: Acting MM

Date: 02/02/2022

Name:



Position:

Date:

Auditor's conclusion

1. Management response acknowledged, the finding remains as management agreed.
2. Management response acknowledged, however the finding remains.

Management is not correct to state that the only procured goods should be considered as local content.

The following commodities have been designated for local production and content.

- > Steel power pylons
- > Electrical and telecom products
- > Valve Products and Actuators
- > Transformers and shunt reactors

Through the inspection of the Bill of quantities the following was included,

1. Furnished office
2. Electrical work pumpstation

Based on the above, the service provided, do constitutes a local content.

3. Management response acknowledged, the finding remains as management agreed.

85. COMAF 16: ISS.99: Control deficiency: Incorrect calculation of local content

Audit Finding

Requirements

The National Treasury instruction notes (Invitation of Bids section) requires the following:
That the local content be calculated in terms of formula $LC = (1-x/y)*100$.

Where:

X= imported content in Rands and;
Y = is the bid price in Rand excluding VAT

Nature

During the audit of procurement process for Local content it was noted that the following was not calculated correctly for local content;
Furthermore for TLM01/2020/21(Tlotlo-Tihago Plant and hire and transport) it was noted that the Fbric reinforcement ref395 was not evaluated for Local content, refer below for findings details:



TLM01/2020/21: Tlotlo-Tlhago Plant hire and transport							
Content	1	X=Imported contents in Rands	X Converted to Rand	Y=The bid price in Rand excluding VAT	Local content %	Tender quantity	Total tender value
Fabric reinforcement ref395	1				#DIV/0!		
Security fencing	1	-	-	R 12 750,00	1 00,00	2055	R 26 201 250,00
Awarded amount							R 6 889 746,47
Difference							R 19 311 503,53
QUOTE12/2020/21: Manemk (PTY)LTD							
Overalls	1	-	-	R 92,59	1 00,00	1 108	R 20 799,72
Boots	1	-	-	R 70,45	5 00,00	1 46	R 26 240,70
Safety bibs	1	-	-	R 42,24	00,00	1 48	R 2 027,52
Rain Coats	1	-	-	R 58,26	1 00,00	1 96	R 15 192,96
Googles	1	-	-	R 19,80	00,00	1 48	R 950,40
Branding	1	-	-	R 500,00	1 00,00	1 1	R 1 500,00
Delivery	1	-	-	R 000,00	1 00,00	1 1	R 1 000,00
Jacket and Tremier	1	-	-		#DIV/0!		
Total tender value	1						R 67 711,30
Awarded amount							R 66 841,16
Difference							R 870,14

Cause

There is inadequate internal controls over procurement process that require management consistent oversight.

Impact

This may result in significant control deficiency and may be reported in both management and auditor's report

Internal control deficiency

Internal control deficiency

Governance

Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively

Recommendation

Recommendations

There is several control deficiencies identified within the procurement as per findings communicated, management and internal audit should ensure that the internal controls over procurement process are effective.

Management response

TLM01/2020/21: Tlotlo-Tlhago Plant hire and transport - Management disagree. The Municipality procured services and not goods, therefore local content was not applicable.

QUOTE12/2020/21: Manemk (PTY) LTD – Management disagree. Local content was calculated correctly as per Annexure C of the bid

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:

Position:

Date:

Auditor's conclusion

TLM01/2020/21: Tlotlo-Tlhago Plant hire and transport

Management response is acknowledged. The service do meet the local content. Management is not correct to state that the only procured goods should be considered as local content.

The following commodities have been designated for local production and content.

- > Steel power pylons
- > Electrical and telecom products
- > Valve Products and Actuators
- > Transformers and shunt reactors

Through the inspection of the Bill of quantities the following was included,



1. Furnished office
2. Electrical work pumpstation

Based on the above, the service provided, do constitutes a local content. The finding remains.

QUOTE12/2020/21: Manemk (PTY) LTD

Management response acknowledged. However the finding remains valid and the significant control deficiency and will be reported in both management and auditor's report.

86. Partially resolved:COMAF 16: ISS.100: Non-Compliance: Points awarded to prospective suppliers with no evidence attached of B-BBEE status level contributor

Audit Finding

Requirements

Paragraph 9.1 of the preferential procurement regulation 2017 states that:

Tenderers are required to submit proof of B-BBEE Status Level of contributor. Proof includes valid B-BBEE Status Level Verification Certificates together with their tenders or price quotations, to substantiate their B-BBEE rating claims.

Paragraph 9.2 of the preferential procurement regulation 2017 states that:

Tenderers who do not submit B-BBEE Status Level Verification Certificates or who are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the tendering process. They will score points out of 90 or 80 for price only and zero (0) points out of 10 or 20 for B-BBEE.

Paragraph 9.3 of the preferential procurement regulation 2017 states that:

However, should institutions stipulate a specific B-BBEE Status Level as prequalification criteria in terms of Regulation 4 and the tenderer does not meet this requirement; institutions must disqualify such tenderer as having submitted an unacceptable tender.

Nature

During the audit of procurement process it was noted that the following suppliers did not submit proof of B-BBEE status level (certificate) and no other document in supplier documents could confirm such evidence such as CSD report and they were awarded points:

1. Madekane Solution - (QUOTE13/2020/21)
2. Halsted and company (QUOTE07/2020/21)

Cause

There are inadequate controls over procurement process

Impact

This will results in non-compliance with preferential procurement regulation 2017 and may be reported in both management and auditor's report.



Internal control deficiency

Control deficiency

Financial and performance management

Management failed to Review and monitor compliance with applicable legislation.

Recommendation

Recommendations

Management should ensure that required procurement process is followed as per legislation to avoid unnecessary findings.

Management response

Management disagrees. Both bidders submitted BBEE sworn affidavits with their documents.

Name:

Position:

Date:

Auditor's conclusion

Management response acknowledged. Management partially agree with therefore the finding remains valid.

1. Madekane Solution - (QUOTE13/2020/21)

2. Halsted and company (QUOTE07/2020/21)

Inspected the Sworn affidavit –B –BBEE confirmed that the supplier is a level 4.signed at 2020/11/02

Management response acknowledged. The finding remains for Madekane solution, however the finding will be resolved for Halsted. Management submitted the Sworn affidavit for Halsted, Inspected the Sworn affidavit –B –BBEE confirmed that the supplier is a level 4.signed at 2020/11/02

87. COMAF 16: ISS.101: Irregular expenditure: Contract not awarded to the supplier with highest score

Audit Finding

Requirement



Section 6.8 of the Preferential Procurement Regulations(2017) for 80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million states that:

Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

Subsection 6.9 of the Preferential Procurement Regulations (2017) states that:

(a) If the price offered by a tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(b) The organs of state may-

(i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;

(ii) If the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;

(iii) If the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If a market-related price is not agreed as envisaged in paragraph (b) (iii), the organ of state must cancel the tender

Nature

During the audit of procurement process it was identified that the following suppliers awarded did not obtain the highest score as required by PPPFA:

QUOTE07/2020/21	80/20	1	Pt	Pmin	brackets	Ps	C-Level	BEE Points	Total points	
Dekatshe Consulting	80	1	110478	110478	0,00	80	1	20	100	100
Quintillion Tek	80	1	119023	110478	0,08	74	1	20	94	94
G3 Group(PTY)LTD	80	1	111432	110478	0,01	79	1	20	99	99
Halsted and company	80	1	145000	110478	0,31	55	4	12	67	67
TLM05/2020/21	80/20	1	Pt	Pmin	brackets	Ps	C-Level	BEE Points	Total points	
Mkosana Trading(PTY)LTD	80	1	1052811	1052811	0,00	80	2	18	98	98
Innovo Networks	80	1	1311014	1052811	0,25	60	1	20	80	80
Business Connexion(BCX)	80	1	3258307	1052811	2,09	-88	2	18	-70	70

Cause

This was due to inadequate controls over procurement process

Impact

This may result in irregular expenditure of R896 652.37 and may be reported in both management and financial loss.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.



Recommendation

Recommendations

Management should ensure that required process of procurement is followed and that awards are made to the correct supplier.

Management response

Quote 07/2020/21

Management agrees that the bid did not go to the highest point scorer in terms of the PPPFA 80/20 points system. However, Management awarded the bid on the basis of delivery period and economic development of the Northern Cape. The pricing difference was R954.00 and therefore it was condoned. The bidding document clearly states:

“The Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or award a contract to the bidder scoring the highest number of points.”

TLM05/2020/21

Management awarded the bid on the basis of functionality and PPPFA. During the functionality it was determined that Mkosana Trading had a good proposal but lacked pre-existing clients. Therefore a track record of the company could not be established and they indicated Thembelihle will be their first client. This posed a risk to the Municipality and raised the question of whether Mkosana Trading will be able to provide the service.

Therefore Management disagrees with the fact that the bid should have been awarded to the highest point scorer and that by not doing so, it will result in Irregular Expenditure.

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management response acknowledged. Management agrees and therefore the finding remains valid.



88. COMAF 19: ISS 106: Objective criteria used to justify that reasonable grounds exist of not selecting the tender with the highest point

Audit Finding

Requirement

Section 2 (1) (f) of the PPPFA provides that a contract must be awarded to the tenderer that scores the highest points unless there are objective criteria, in addition to the BBBEE related criteria, that justify the award to another tenderer.

Nature

During the audit process of procurement it was noted that the reasons provided for not awarding the highest bidder were not justifiable:

1. G3 GROUP-(LAPTOPS-QUOTE07/2020/21):R111 131, 64
2. TENDER NO: TLM 05/2020/21: REQUEST FOR PROPOSALS FOR THE PROVISION OF INTERNET SERVICES PERIOD OF THREE YEARS (INNOVO NETWORKS: R785 520, 73

Cause

This is due to inadequate controls over procurement.

Impact

This may result in irregular expenditure of R896 652.37 and may be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation

Recommendation

Management should ensure that there is a valid reason that is justifiable not to award the prospective provider with highest point.

Management response

Management response

Management already responded to the same finding on COMAF 16 issue 101. This is basically just a repeat of the same finding.

Name: Radiile Shuping

Position: AMM

Date: 04/02/2022

COMAF 16 ISSUE 101

Management response

Quote07/2020/21



Management agrees that the bid did not went to the highest point scorer.in terms of the PPPFA 80/20 points system. However, Management awarded the bid on the basis of delivery period and economic development of the Northern Cape. The pricing difference were R954.00 and therefore it was condoned. The bidding document clearly states:

“The Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or award a contract to the bidder scoring the highest number of points.”

TLM05/2020/21

Management awarded the bid on the basis of functionality and PPPFA. During the functionality it was determined that Mkosana trading had a good proposal but lacked pre-existing clients. Therefore a track record of the company could not be established and they indicated Thembelihle will be their first client. This posed a risk to the Municipality and raised question of whether Mkosana Trading will be able to provide the service.

Therefore Management disagree with the fact that the bid should have been awarded to the highest point scorer and that by not doing so, it will result in Irregular Expenditure.

Name: Radiile Shuping
Position: Acting MM
Date: 02/02/2022

Name:
Position:
Date:

Auditor’s conclusion

Quote07/2020/21

Management response noted and evaluated. However, the reason for raising the issue again is that it attracts a different non-compliance and irregular expenditure. As per Section 2 (1) (f) of the PPPFA provides that a contract must be awarded to the tenderer that scores the highest points unless there are objective criteria, in addition to the BBEE related criteria, that justify the award to another tenderer. The reasons for not selected the supplier that scored the lowest point was not indicated. Therefore, the finding remains.

TLM05/2020/21

There was no requirement stated in the functionality that a supplier will be disqualified if the supplier has no prior experience. The supplier was supposed to be scored accordingly and if the minimum points are met then moved to the evaluation stage. Additionally the supplier has no history of not being able to provide service awarded and not a prohibited supplier on the Treasury website. The finding remains and will lead to non-compliance and irregular expenditure.



89. COMAF 18: ISS.111: Performance of contract not monitored on a monthly basis

Audit Finding

Requirements

Section 116.2(b) of the Municipal Finance Management Act states that:

The accounting officer of a municipality or municipal entity must monitor on a monthly basis the performance of the contractor under the contract or agreement.

Nature

During the audit it was identified that the following projects were not monitored on a monthly basis: TLM03/2017/2018-PROVISION OF PROFESSIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING)-R772 783

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-R2 094 708, 56

TLM 06/2018/19- CONSTRUCTION OF STEYNVILLE OUTFALL SEWER LINE & UPGRADING OF EXISTING PUMP STATIONS - PHASE 2(KET CIVILS CC):-R6509430, 68

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING):-R10 925 000

TENDER NO: TLM01/2020/21: PROVISION FOR A CONTRACTOR FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE):-R6 889 746, 47

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD:-R1 709 509, 5

TLM S32-01/2018/19-VAT RECONCILIATION & RECOVERY (MAXIMUM PROFIT RECOVERY)

Cause

There is significant lack of oversight over procurement and contract management.

Impact

This may result in non-compliance with applicable SCM legislation.

Internal control deficiency

Internal control deficiency

Leadership

Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Furthermore management did not develop and monitor the implementation of action plans to address internal control deficiencies.

Recommendation



Management should ensure that contracts are monitored on a monthly basis, where there is lack of performance communication is effective and directed to the service provider.

Management response

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-R236 924

- Management agrees with the finding

TLM 06/2018/19- CONSTRUCTION OF STEYNVILLE OUTFALL SEWER LINE & UPGRADING OF EXISTING PUMP STATIONS - PHASE 2(KET CIVILS CC):-R250 000

- No progress report can be provided as the Municipality are in dispute with the Service provider. See letters in the file.

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING):-R9 741 232.13

- Progress reports provided to AG.

TENDER NO: TLM01/2020/21: PROVISION FOR A CONTRACTION FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE):-R7 636 752.60

- Progress reports provided to AG.

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD:-R762 661.27

- Progress reports provided to AG.

TLM S32-01/2018/19-VAT RECONCILLIATION & RECOVERY (MAXIMUM PROFIT RECOVERY):-R484 088.63

- Progress reports provided to AG.

Name: Radiile Shuping

Position: AMM

Date: 04/02/2022

Name:

Position:

Date:

Auditor's conclusion

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-R236 924

- Management agrees with the finding

Management agrees with the finding, therefore the finding remains.



TLM 06/2018/19- CONSTRUCTION OF STEYNVILLE OUTFALL SEWER LINE & UPGRADING OF EXISTING PUMP STATIONS - PHASE 2(KET CIVILS CC):-R250 000

- No progress report can be provided as the Municipality are in dispute with the Service provider. See letters in the file.

Management response, acknowledged. It was determined that the progress report was dated 15 June 2021. The report did not include all the months. Therefore the finding remains. The auditor inspected the letter dated 2021 July 01 and confirmed that the letter was the notice of Termination of contract of Ket Civils CC. It was confirmed that it was difficult for management to keep track of the progress monitoring, as the supplier was unable to submit document.

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING):-R9 741 232.13

- Progress reports provided to AG.
- Management response noted. However not all the monthly progress reports were submitted. Therefore, the finding remains.

TENDER NO: TLM01/2020/21: PROVISION FOR A CONTRACTION FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE):-R7 636 752.60

- Progress reports provided to AG.
- Management response noted. The monthly reports submitted were for the following months:

1. 06 November 2020
2. 04 December 2020
3. 29 January 2021
4. 05 March 2021
5. 8 April 2021

The project was for the duration of 6 months (from 2020/10/26 to 2021/05/24). No progress report submitted for the month of February 2021.

Management further confirmed on the 2022/02/15 that no progress monitoring took place for the month of February 2021.

Based on the above, the finding remains on the basis that the no progress monitoring took place for the month of February 2022.

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD:-R762 661.27

- Management response noted. The monthly reports submitted were for the following months:
 1. 06 November 2020
 2. 04 December 2020
 3. 29 January 2021
 4. 05 March 2021
 5. 8 April 2021

The project was for the duration of 6 months (from 2020/10/26 to 2021/05/24). No progress report submitted for the month of February 2021.

Management further confirmed on the 2022/02/15 that no progress monitoring took place for the month of February 2021.

Based on the above, the finding remains on the basis that the no progress monitoring took place for the month of February 2022.

TLM S32-01/2018/19-VAT RECONCILIATION & RECOVERY (MAXIMUM PROFIT RECOVERY):-R484 088.63
Progress reports provided to AG

- Management response noted, Management response noted. The monthly reports submitted were for the following months:
 1. August 2020
 2. September 2020
 3. December 2020
 4. January 2021
 5. February 2021
 6. May 2021

No monthly progress monitoring for the month of July 2020, October 2020, November 2020, March 2021 and April 2021 and therefore the finding remains.



90. COMAF 17: ISS.112: Contract performance measures not in place to ensure effective contract management

Audit Finding

Requirements

Section 116(2) of the Municipal Finance Management Act states that:

The accounting officer of a municipality or municipal entity must monitor on a monthly basis the performance of the contractor under the contract or agreement.

Nature

During the audit of procurement process the following was identified:

TLM03/2017/2018-PROVISION OF PROFESSIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING):-R297 024.78

It was noted that there were no performance measures in place to ensure effective contract management as the following is evident:

1. Cash flow difficulties reported by the contractor, this is the result of poor planning and poor management to ensure that the project is completed on time within the approved budget for that specific project.
2. Appointment of specialist sub-contractors, this should have been part of initial planning to avoid poor performance and unknown increase in value of the contract.

Furthermore through inspection of the commitment register it was confirmed that multiple contractors were appointed for the project as and when required, this is as a result of poor planning and poor project management.

Based on evidence above it can be concluded that there was no effective contract management performance in place.

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-R236 924

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

TLM 06/2018/19- CONSTRUCTION OF STEYNVILLE OUTFALL SEWER LINE & UPGRADING OF EXISTING PUMP STATIONS - PHASE 2(KET CIVILS CC):-R250 000

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING):-R9 741 232.13

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

TENDER NO: TLM01/2020/21: PROVISION FOR A CONTRACTION FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE):-R7 636 752.60



It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD:-R762 661.27

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

TLM S32-01/2018/19-VAT RECONCILIATION & RECOVERY (MAXIMUM PROFIT RECOVERY):-R484 088.63

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Cause

There is significant lack of oversight over procurement and contract management.

Impact

This may result in noncompliance with applicable legislation.

Internal control deficiency

Internal control deficiency

Leadership

Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Furthermore management did not develop and monitor the implementation of action plans to address internal control deficiencies.

Recommendation

Management should ensure that contracts are monitored on a monthly basis, where there is lack of performance communication is effective and directed to the service provider.

Management response

TLM03/2017/2018-PROVISION OF PROFESSIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING):-R297 024.78

It was noted that there were no performance measures in place to ensure effective contract management as the following is evident:

1. Cash flow difficulties reported by the contractor, this is the result of poor planning and poor management to ensure that the project is completed on time within the approved budget for that specific project.
2. Appointment of specialist sub-contractors, this should have been part of initial planning to avoid poor performance and unknown increase in value of the contract.



Furthermore through inspection of the commitment register it was confirmed that multiple contractors were appointed for the project as and when required, this is as a result of poor planning and poor project management.

Based on evidence above it can be concluded that there was no effective contract management performance in place.

Management do not agree. The contract was done in phases due to budget allocation by the MIG office. BVI is the Consulting Engineers of both phases. And the first phase was done by All Dimensions and the second was done by Ket Civils. The only appointments made by the Municipality was for C-Pac (Materials), All Dimensions and Ket Civils contractors and the Consulting Engineers.

Other Services providers were cessions made by the contractors on the project.

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-R236 924

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Management do not agree. PC World was the provider of internet connection and monitoring was performed by availability of internet connection on a daily basis.

TLM 06/2018/19- CONSTRUCTION OF STEYNVILLE OUTFALL SEWER LINE & UPGRADING OF EXISTING PUMP STATIONS - PHASE 2(KET CIVILS CC):-R250 000

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Management do not agree: BVI was appointed as the consulting engineers of this contract and monthly meetings were held. In the year under review there was no expenditure incurred. The amount of R250 000 was reserved as penalties to the slow progress made by the contractor.

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING):-R9 741 232.13

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Management do not agree: Monthly progress reports are attached

TENDER NO: TLM01/2020/21: PROVISION FOR A CONTRACTION FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE):-R7 636 752.60

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Management do not agree: Site meetings were held on a monthly basis. Site meeting minutes are attached

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD:-R762 661.27

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Management do not agree: Bigen Africa was appointed as the Consulting Engineers to oversee the contract of

TLM01/2020/21: PROVISION FOR A CONTRACTION FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE). Site meetings were held on a monthly basis. Site meeting minutes are attached

TLM S32-01/2018/19-VAT RECONCILLIATION & RECOVERY (MAXIMUM PROFIT RECOVERY):-R484 088.63

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Management do not agree. Maxprof only do Vat submissions. See submission emails below

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

TLM03/2017/2018-PROVISION OF PROFFESIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING):-R297 024.78

It was noted that there were no performance measures in place to ensure effective contract management as the following is evident:

1. Cash flow difficulties reported by the contractor, this is the result of poor planning and poor management to ensure that the project is completed on time within the approved budget for that specific project.
2. Appointment of specialist sub-contractors, this should have been part of initial planning to avoid poor performance and unknown increase in value of the contract.

Furthermore through inspection of the commitment register it was confirmed that multiple contractors were appointed for the project as and when required, this is as a result of poor planning and poor project management.



Based on evidence above it can be concluded that there was no effective contract management performance in place.

Auditor's conclusion: Management response has been noted, however the finding remains as management did not provide the monthly monitoring reports.

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:-R236 924

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Auditors conclusion: Management response has been noted, however the finding remains as the management did not provide the monthly monitoring reports.

TLM 06/2018/19- CONSTRUCTION OF STEYNVILLE OUTFALL SEWER LINE & UPGRADING OF EXISTING PUMP STATIONS - PHASE 2(KET CIVILS CC):-R250 000

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Auditors conclusion: Management response has been noted, however the finding remains as management did not provide the auditors with the monthly monitoring reports.

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING):-R9 741 232.13

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

- Management response noted, Management response noted. The monthly reports submitted were for the following months:
 1. August 2020
 2. September 2020
 3. December 2020
 4. January 2021
 5. February 2021
 6. May 2021

No monthly progress monitoring for the month of July 2020, October 2020, November 2020, March 2021 and April 2021 and therefore the finding remains.



TENDER NO: TLM01/2020/21: PROVISION FOR A CONTRACTION FOR THE WWTW (TLOTLO-THLAGO PLANT HIRE):-R7 636 752.60

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

- Management response noted. The monthly reports submitted were for the following months:
 1. 06 November 2020
 2. 04 December 2020
 3. 29 January 2021
 4. 05 March 2021
 5. 8 April 2021

The project was for the duration of 6 months (from 2020/10/26 to 2021/05/24). No progress report submitted for the month of February 2021.

Management further confirmed on the 2022/02/15 that no progress monitoring took place for the month of February 2021.

Based on the above, the finding remains on the basis that the no progress monitoring took place for the month of February 2022.

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD:-R762 661.27

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Conclusion

- Management response noted. The monthly reports submitted were for the following months:
 6. 06 November 2020
 7. 04 December 2020
 8. 29 January 2021
 9. 05 March 2021
 10. 8 April 2021

The project was for the duration of 6 months (from 2020/10/26 to 2021/05/24). No progress report submitted for the month of February 2021.



Management further confirmed on the 2022/02/15 that no progress monitoring took place for the month of February 2021.

Based on the above, the finding remains on the basis that the no progress monitoring took place for the month of February 2022.

TLM S32-01/2018/19-VAT RECONCILIATION & RECOVERY (MAXIMUM PROFIT RECOVERY):-R484 088.63

It was noted that there were no measures in place to ensure that there was monthly monitoring of contract performance and monthly monitoring reports were not done.

Auditor's conclusion: Management response has been noted. Subsequent to the submission of VAT reconciliation reports, the has been resolved

91. COMAF 19: ISS.113: Actual amounts on reported on comparable basis does not reconcile to the actual cash flow. GRAP 24.50

Audit Finding

Requirements

Section 62. (1)(b) Of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

Section 62. (1)(d) Of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented;

Nature

During the audit of Budget statements in accordance with GRAP 24 it was noted that the budget disclosed in the financial statement does not agree to the budget in the Treasury web site and the budget submitted by the municipality.

Cause

This was due to lack of oversight by management.

Impact

This will results in non-compliance with MFMA62 (1) (d) and unauthorized expenditure of R28 242 796 and may be reported in both management and auditor's report.

Internal control deficiency

Control deficiency

Financial and performance management

Management failed to review and monitor compliance with applicable legislation.



Recommendation

Recommendation

Management should ensure that the correct budget approved is used and reported in the financial statement.

Management response

Management request to adjust.

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:

Position:

Date:

Auditor's conclusion

Auditor's conclusion

Management response noted and management has requested to adjust therefore finding still remains until adjustment is made.

Subsequent to adjusted AFS being provided

Management provided the adjusted AFS, further work was done by comparing the final approved budget amounts to the amounts disclosed in the AFS under Statement of comparison of budget and differences were identified in the budget amounts.
As a result this finding remains.

92. COMAF 18: ISS.119: Total payments made up to date exceed the original contract

Audit Finding

Requirements

Section 62(1) (d) of the Municipal Finance Management Act states that:

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Nature

During the audit of procurement and contract management the following was identified:



TLM03/2017/2018-PROVISION OF PROFESSIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING):

It was noted that the total amount of contract amounted to R1 449 478, 87, It was further noted that the amount paid to date amounted to R1 452 602, 65 according to the commitment register, which is more than the contract amount.

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:

It was noted that the payments made for the contract from inception date R2 396 748 exceed the original contract amount of R2 094 708, 56

TLM 09/2018/19- PREPARATION OF AFS (MORAR INCORPORATED)

It was noted that the payments made for the contract from inception date R3 840 555 exceed the original contract amount of R2 869 316, 13

TLM01/2019/20- PROVISION FOR INSURANCE SERVICES (LATERAL UNISON INSURANCE BROKERS)

It was noted that the payments made for the contract from inception date R3 201 171 exceed the original contract amount of R470 044

TLM S32 -02/2018/19-COMPILATION OF FIXED ASSET REGISTER (SHAI CONSULTING ENGINEERS)

It was noted that the payments made for the contract from inception date R2 246 778 exceed the original contract amount of R1 776 750

Cause

Inadequate controls over procurement process and lack of oversight by management.

Impact

This may result in irregular expenditure of R4 477 557.09 and may be reported in both management and auditor's report based on further evaluation

Internal control deficiency

Internal Control Deficiency

Financial and performance management:

Management did not implement controls over daily and monthly processing and reconciling of transactions.

Recommendation

Recommendations

Management should ensure that the payments made do not exceed the awarded amount to avoid non-compliance with applicable laws and regulations.

Management response

TLM03/2017/2018-PROVISION OF PROFESSIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING):



It was noted that the total amount of contract amounted to R1 449 478, 87, It was further noted that the amount paid to date amounted to R1 452 602, 65 according to the commitment register, which is more that the contract amount.

- Management agrees with the finding. The amount (R3123.78) over paid to BVI is still within the 20% extension.

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:

It was noted that the payments made for the contract from inception date R2 396 748 exceed the original contract amount of R2 094708, 56

- Management agrees with the finding. PC World has already been listed under Irregular Expenditure.

TLM 09/2018/19- PREPARATION OF AFS (MORAR INCORPORATED)

It was noted that the payments made for the contract from inception date R3 840 555 exceed the original contract amount of R2 869 316, 13

- Management do not agree. Payments made to Mortar are as follows. Payments to date amount to R1 962 142.90. Please see payments below.

TLM01/2019/20- PROVISION FOR INSURANCE SERVICES (LATERAL UNISON INSURANCE BROKERS)

It was noted that the payments made for the contract from inception date R3 201 171 exceed the original contract amount of R470 044

- Management do not agree with the finding. The amount of R470 044 was the only the instalment for year one. The Municipality renew the Insurance every year and also add various new assets to the Insurance as the Municipality finish or buy new assets. Therefore Insurance premiums are not fixed. See below renewal document for 2020/21
-

TLM S32 -02/2018/19-COMPILATION OF FIXED ASSET REGISTER (SHAI CONSULTING ENGINEERS)

It was noted that the payments made for the contract from inception date R2 246 778 exceed the original contract amount of R1 776 750

- Management agrees with the finding and will update IE register

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:



Date:

Auditor's conclusion

TLM03/2017/2018-PROVISION OF PROFESSIONAL SERVICES FOR THE CONSTRUCTION OF OUTFALL SEWER LINE AND UPGRADING OF PUMP STATION (BVI CONSULTING):

It was noted that the total amount of contract amounted to R1 449 478, 87, It was further noted that the amount paid to date amounted to R1 452 602, 65 according to the commitment register, which is more than the contract amount.

Management agreed to the finding. Therefore the finding remains and will result in irregular expenditure in terms of MFMA section 62(1) (d)

TLM02/2015: PC WORLD/PC TRIO DOUGLAS:

It was noted that the payments made for the contract from inception date R2 396 748 exceed the original contract amount of R2 094708, 56

Management agreed to the finding. Therefore the finding remains and will result in irregular expenditure in terms of MFMA section 62(1) (d)

TLM 09/2018/19- PREPARATION OF AFS (MORAR INCORPORATED)

It was noted that the payments made for the contract from inception date R3 840 555 exceed the original contract amount of R2 869 316, 13

Subsequent to management response and discussions held, it was determined that the total payments made to date amount to R1 962 142.90. Therefore the finding has been resolved.

TLM01/2019/20- PROVISION FOR INSURANCE SERVICES (LATERAL UNISON INSURANCE BROKERS)

It was noted that the payments made for the contract from inception date R3 201 171 exceed the original contract amount of R470 044

Subsequent to the Management response, the auditor had a discussion with Management and it was determined that

TLM S32 -02/2018/19-COMPILATION OF FIXED ASSET REGISTER (SHAI CONSULTING ENGINEERS)

It was noted that the payments made for the contract from inception date R2 246 778 exceed the original contract amount of R1 776 750

Management agreed to the finding. Therefore the finding remains and will result in irregular expenditure in terms of MFMA section 62(1) (d)

93. COMAF 17: ISS.128: No evidence that the goods/service completed during the year were actually received and utilised

Audit Finding

Requirement



Section 62(1) (d) of the Municipal Finance Management Act states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Nature

During the audit of procurement process it was noted that there was lack of evidence to support the procurement for the service for TLM05/2019/20 - PROVISION FOR TRAINING SERVICES FOR 200 MEMBERS (INAFRICA GENERAL TRADING). Furthermore it was noted that in prior year the service was not received, or commenced and no payment were made.

Cause

Lack of monitoring by management to ensure that the expenditure was not made in vain

Impact

This will results in fruitless and wasteful expenditure of R78 480 and will be reported in both management and auditor's report as it was further confirmed that the amount was not disclosed as such.

Internal control deficiency

Internal Control Deficiency

Financial and performance management:

Management failed to implement controls over daily and monthly processing and reconciling of transactions.

Recommendation

Management should ensure that the service procured was actually received before processing any payment.

Management response

Management do not agree. The Tender file submitted to AGSA contains progress reports, learner names and learner induction attendance register. Furthermore, the training was delayed due to COVID-19 and were able to start at a later stage when levels were adjusted. Therefore no payments were made.

Name: Radiile Shuping

Position: AMM

Date: 04/02/2022

Name:

Position:

Date:



Auditor's conclusion

Management response has been noted and the finding is partially resolved. It will remain as a control deficiency finding as there is no contract end date stipulated in the contract.

94. COMAF 17: ISS.129: Contract not signed by both the successful bidder and a delegated official**Audit Finding****Requirements**

Section 62(1) (c) of the Municipal Finance Management Act (MFMA) states that:

The accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Section 116(1) of the Municipal Finance Management Act (MFMA) states that:

A contract or agreement procured through the supply chain management system of a municipality or municipal entity must—

- a) Be in writing;
- b) Stipulate the terms and conditions of the contract or agreement, which must include provisions providing for — the termination of the contract or agreement in the case of non- or under-performance;
- c) Dispute resolution mechanisms to settle disputes between the parties;
- D) A periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years;
- E) and any other matters that may be prescribed.

During the audit of procurement process the following was noted with regard to the contract between the service provider and the municipality:

TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING)

1. The contract was not signed,
2. No terms and conditions of the contract which include provisions of termination of the contract in the case of non- or underperformance were indicated.
3. No dispute resolution mechanisms to settle disputes between the parties,
4. And no evidence that the contract was prepared in accordance with:
 - I) the general conditions of contracts (GCC) as prescribed by National Treasury and the standard wording was not amended (Note where special conditions of contract (SCC) conflicts with the GCC the SCC prevails) or
 - ii) Prescripts of the Construction Industry Development Board, in the case of a contract relating to the construction industry

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD

No contract was submitted which was signed by municipality representative and the service provider (this may also results in limitation of scope.



Inadequate internal controls over procurement process and law of review of applicable legislations
Impact

This may results in significant control deficiency and non-compliance, may be reported in both management and auditor's report

Internal control deficiency

Control deficiency

Leadership

Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Furthermore management did not develop and monitor the implementation of action plans to address internal control deficiencies

Recommendation

Management should ensure that a signed contract between municipality and the service provider is in place and include all the requirements as per legislation.

Management response

TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING)

1. The contract was not signed,

Management disagree. Refer to contract on Contract Register

2. No terms and conditions of the contract which include provisions of termination of the contract in the case of non- or underperformance were indicated.

Management disagree. Refer to contract on Contract Register

3. No dispute resolution mechanisms to settle disputes between the parties,

Management disagree. Refer to contract on Contract Register

4. And no evidence that the contract was prepared in accordance with:

i) the general conditions of contracts (GCC) as prescribed by National Treasury and the standard wording was not amended (Note where special conditions of contract (SCC) conflicts with the GCC the SCC prevails) or

ii) Prescripts of the Construction Industry Development Board, in the case of a contract relating to the construction industry

Management disagree, in respect to this particular contract, the FIDIC silver book applied and not the GCC.

TLM 08/2018/19-BIGEN AFRICA SERVICES PTY LTD

No contract was submitted which was signed by municipality representative and the service provider (this may also results in limitation of scope.

Management do not agrees. The tender document was submitted to AG which was signed by both parties



Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING)

It was noted that there are no measures in place to monitor the contract performance and no delivery have been defined and implemented.

Conclusion:

- Management response noted, Management response noted. The monthly reports submitted were for the following months:
 1. August 2020
 2. September 2020
 3. December 2020
 4. January 2021
 5. February 2021
 6. May 2021

No monthly progress monitoring for the month of July 2020, October 2020, November 2020, March 2021 and April 2021 and therefore the finding remains.

TLM06/2019/20-COMPILATION OF A VALUATION ROLL (CDV WAARDEERDERS)

It was noted that there are no measures in place to monitor the contract performance and no delivery have been defined and implemented.

Conclusion: Management did not provide the progress reports for the contract, therefore the finding remains.

95. COMAF 17: ISS.130: Control Deficiency:-Measures to monitor contract performance and delivery not defined and implemented

Audit Finding

Section 62(1) (c) of the Municipal Finance Management Act states that:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems-

1. of financial and risk management and internal control; and
2. (ii) Of internal audit operating in accordance with any prescribed norms and 40 standards.

During the audit of procurement process the following was identified:

TENDER NO: TLM 04/2020/21: APPOINTMENT OF A SERVICES PROVIDER FOR THE DESIGN, CONSTRUCTION AND MONITORING OF THE SPORTS FACILITIES ON A TURNKEY BASIS FOR A PERIOD OF THREE YEARS (MELOKUHLE GENERAL TRADING)

It was noted that there are no measures in place to monitor the contract performance and no delivery have been defined and implemented.

TLM06/2019/20-COMPILATION OF A VALUATION ROLL (CDV WAARDEERDERS)

It was noted that there are no measures in place to monitor the contract performance and no delivery have been defined and implemented.

This is due to inadequate controls over procurement and contract management process.

Impact

This may results in significant control deficiency and may be reported in both management and auditor's report based on further evaluation

Internal control deficiency

Control deficiency

Leadership

Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

Furthermore management did not develop and monitor the implementation of action plans to address internal control deficiencies.

Recommendation

Management should ensure that the internal controls over procurement process are effective.



Management response

Name:

Position:

Date:

Auditor's conclusion

Provisions

96. Lack of management review of the experts reports

Audit Finding

In terms of MFMA Act section 62. General financial management functions.—(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

- (A) That the resources of the municipality are used effectively, efficiently and economically;
- (b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

During the audit of the work of management experts its was noted that the municipality received the actuarial report for the calculation of post-employment medical aid, provision of landfill sites and long service awards, however, no adequate evidence could be obtained to serve as proof that municipal manager or delegated official reviewed the report to confirm the accuracy of the calculations before it was disclosed in the financial statements.

This is due to lack for management oversight and lack of review of work done by the on work done by experts by management.

This will result in an internal control deficiency as management review of reports was not evident.

Internal control deficiency

Leadership: Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. (L2)



Recommendation

Management must exercise proper reviews of the reports provided by the experts and also ensure that the variables used by the expert are supported by reliable, sufficient audit evidence.

Management response

Name:

Position:

Date:

Auditor's conclusion**97. COMAF 09: ISS.51: Employee benefits: Differences in number of in service members****Audit Finding**

In terms of MFMA Act section 62. General financial management functions.—(1) the accounting officer of a municipality is

Responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(A) That the resources of the municipality are used effectively, efficiently and economically;

(b) That full and proper records of the financial affairs of the municipality are kept in

Accordance with any prescribed norms and standards;

During the audit of employee benefits the following discrepancies were identified:

Medical scheme	Option	In-Service members	Total as per the PC02 report(in service)	Difference
Bonita's	Classic	0		0
	Save	1	1	0
	Standard	2	3	-1
	Primary	8	6	2
LA Health	Focus	1	1	0
	Active	3	4	-1
	Core	0		0
Hosmed	Plus	0		0
Samwumed	A	13	9	4
	B	4	10	-6
Total on Medical Aid		32	34	-2

This is due to lack of management oversight and no reviews of the work done by the experts
This may result in a misstatement in which the auditor cannot quantify as the liability was determined by making use of management expert (actuaries).

Internal control deficiency

Leadership: Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. (L2)

Financial and performance management

The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

Management must exercise proper reviews of the reports provided by the experts and also ensure that the variables used by the expert are supported by reliable, sufficient audit evidence.

Management response

Management response

Management partially agrees with the finding. The PC02 includes three councilors which were omitted from the Actuarial report. We have requested the Actuarial to revisit the report to assess the financial impact.

Name: R. Shuping
Position: CFO
Date: 23/11/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management response noted and finding remains until such assessment is received and evaluated for any financial impact. This will be evaluated further for inclusion in the AR&MR of the municipality.

Subsequently the auditor performed an assessment of the misstatement to determine the effect. The misstatement of the finding is understatement of R348 647 and will be evaluated further for inclusion in the MR&AR.



98. ISS 142: Provisions Landfill sites: Prior year follow up issue 130: Limitation on Provision of Landfill sites and the data affecting the landfill sites not considered

Audit Finding

Municipal Finance Management Act

The MFMA section 62(1)(c)(l) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

GRAP 3 Accounting-Policies-Changes-in-Accounting-Estimates:

1. GRAP 3.34 states that:

As a result of the uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information.

2. GRAP 3.35 further states that

The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability

ASB Guideline - Accounting for landfill sites

1. Par 3.13: Elements of cost of the landfill site asset:

(c) The initial estimate of the costs to dismantle, remove, rehabilitate and/or restore the site on which it is located, the obligation for which an entity 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 (paragraphs 3.22 to 3.24).

2. Determining the landfill site asset's useful life

1. Par 3.38: The useful life of the landfill site will be the period that the landfill site is available for use by an entity. The landfill site is available for use while it is in operation and while it stores waste. During these periods, the landfill site asset generates economic service potential by receiving, as well as safely storing waste for environmental protection. A landfill site is deemed to store waste during the rehabilitation and post-closure monitoring and inspection periods. The useful life of the landfill site asset is not linked to the entity's licence period. The useful life of the different parts of the landfill site asset may be different to the useful life of the landfill site.

3.41 The entity should, at each reporting date, assess whether there is any indication that its expectations about the landfill site asset's useful life and/or residual value have changed since the



preceding reporting date. The entity applies the principles in GRAP 17 to make this assessment.

In the prior year, a limitation of scope was raised on the reliability of the estimate for the provision of landfill sites, the following issues were noted:

- The municipality operates in a site that is accessible (no fencing/restriction of access) by the community and the livestock. The concern is that there was no consideration of possible litigation that may arise in term of harm to the community and livestock. On the way to the strydenburg landfill site it was further confirmed for possible hazardous as there is trash from the road side to the site.
- Furthermore, the increase in the provision in the current year for the strydenburg landfill site was attributed to an erection of the fence which was noted to not serving the intended purpose of keeping the community and livestock outside of the site. This causes environmental concerns and cast doubt of whether the fence was erected in the year under review
- Through inspection of the report done by expert it could not be identified when are the closure dates for both the landfill sites. This poses a limitation in terms of computing the calculation.
- The calculations done by the expert were not accompanied by adequate supporting documentation i.e. invoices and or any other source documentation that supports the calculation.
-

Based on the above assessment the prior year issue raised remains valid and will have an impact in the current year provision for landfill sites

Lack of supporting evidence for assumptions used in determining the provision to be recognized in the AFS

Limitation of scope to conclude on the reliability of the estimate amounting to R 11 664 614 (2020) and R12 047 255(2021)

Internal control deficiency

Financial and Performance Management

Management could not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Recommendation

It is recommended that management should put controls in place to ensure that the dumping on sites is controlled and that waste is only dumped in the landfill sites.



Management must ensure that the amounts in the annual financial statement are supported by documentation and are a fair presentation of the municipality's operations and proper record keeping.

Management response

1. Management does not agree please see contingent liability note
2. Management agrees.
3. Management agrees.
4. Supporting documents was submitted in the prior year, however the AG advised that they not auditing it, attached the support for the calculations again.

Name:

Position:

Date:

Auditor's conclusion

The auditor assessed the additional information submitted and went through the support that was submitted. The support was not sufficient and appropriate to resolve the matter at hand due to the following reasons:

Subsequent to the information submitted to the audit, relating to the prior year the following was determined:

- Both Landfill sites were classified as GCB – (general waste, communal, non-leachate producing in terms of the Minimum Requirements for Waste disposal by Landfill. Since the Landfill site was aGC B- , leachate management system is not required as it is assumed that no significant leachate will be generated in terms of the site water balance. Through the assessment of the calculations it was determined the leachate management system costs were taken into account. The total cost is R424 213.64 that is sum of Hope town: R174 155.46 Strydenburg: R250 058.18 .Based on the above assessment the Provision for landfill site was overstated with R424 213.64

Subsequent to the information submitted to the audit, relating to the 2020/21 financial year the following was determined:

- The remaining useful lives of both the landfill sites was zero and the landfill sites are still in operation. Management was supposed to reassess the useful lives of the landfill sites since



they are still in operation in order to calculate the appropriate provision amount to be disclosed in the AFS.

- There were differences identified between the Hope town class type as per the licence and as per the experts report. On the licence, the Hope town landfill site is a GCB -. In the report it has been stated as such, however was reclassified as a Class B. The License is the superior than the report and it was not appropriate to reclassify the landfill site to a class B.
- Based on discussions held with the consultant it was further determined that the time value of money was not considered. It was explained that no NPV calculation – since the sites have zero life, they should be rehabilitated immediately and so there is no discounting from a future date. However this is not correct as the both sites are still operating.

Receivables

99. COMAF 19: ISS.81: Statutory receivables from non-exchange transaction: Traffic fine write off not supported by sufficient, appropriate evidence

Audit Finding

Requirement

According to the MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003 section 62 (1), the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Nature

Whilst auditing statutory receivables from non-exchange transaction confirmed that the opening balance of R2 844 817 was written off without following proper procedure. The municipality does not have listing that details the transactions that make the balance. Furthermore, the municipality does not have support that approves the write-off. Therefore, the auditors are limited to confirm the validity and the accuracy of the write-off.

Case

Management does not have proper internal control processes in place, to ensure that support to the Annual Financial Statement and municipal affairs are kept in accordance with any prescribed norms and standards.



Impact

Limitation of the receivables from non-exchange transaction (traffic fines) with R2 844 817 (factual).

Internal control deficiency

Financial and performance management

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

Recommendation

Management should ensure proper record keeping for supporting information to the annual financial statements and municipal affairs.

Management response

Management disagrees. This is historical information that the municipality is not in possession of. AG should be aware that audit findings have constantly been raised for several years on traffic fines due to no substantiating documentation from the municipality.

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management response noted and evaluated.

However management did not provide support for the write off in the current. The issue has been communicated in prior year that support has not been provided to the auditors.

Write-off made by the municipality should have support, such as but not limited to listing of transaction and approval of the write off. Management has not provided any write off for the support.

The finding remains and will be included in the MR and AR



100. COMAF 17: ISS.115: Irregular expenditure: Overstatement of irregular expenditure**Audit Finding**

Requirements

MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003

62. General financial management functions.—(1) the accounting officer of a municipality is Responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Nature

During the audit of irregular expenditure the auditor identified issues that relate to irregular expenditure being overstated for the current year and overall. Performed the accuracy procedure and confirmed that irregular expenditure is misstated in the following ways:

1. The irregular expenditure disclosed is overstated with the vat amount. When disclosing the irregular expenditure it should be exclusive of vat as the expenditure on the statement of performance information is disclosed exclusive of vat.

Invoice number/reference	Invoice Date	Supplier	Description	VAT No : Supplier	Amount Including VAT:	Vat amount (recalculation)	Amount excluding vat (recalculation)	Difference
EFT 2020240005	44040	Lateral Unison	Annual risk management service	4110215219	709670,50	92565,72	617104,78	92565,72
EFT 2020219002	43909	TCB engineering	Certificate number 17	4770272179	485386,92	63311,34	422075,58	63311,34
EFT 2020225002	43891	DIP Sekurite it BK	DIP Security	4960182782	13222,50	1724,67	11497,83	1724,67
EFT 2020232003	44057	Hopetown meat	Food Parcels	4950133126	6000,00	782,61	5217,39	782,61
D/O	44075	Fedelivery	Weekly deposit service	4510199989	6094,69	794,96	5299,73	794,96
EFT 2021020015	44013	DIP SECURITY	Monitoring	4960182782	17471,12	2278,84	15192,28	2278,84
EFT 2020204002	44034	Sebata	Cloud ware	4260149234	222245,48	28988,54	193256,94	28988,54



D/O	44074	Sebata	Monitoring	4260149234	156303,18	20 387,37	135915,81	20387,37
2020350007	44180	Sebata	Monitoring	4260149234	156303,18	20 387,37	135915,81	20387,37
EFT 2021020010	43708	Sebata	Implementation	4260149234	250000,00	32 608,70	217391,30	(20422,18)
EFT 2021083007	44260	Sebata	Implementation	4260149234	262685,93	34 263,38	228422,55	34263,38
Total								245062,62

2. Irregular expenditure that occurred in the prior years were included in the current year irregular expenditure. Refer to the table below for more details:

DETAILS	REFERENCE	AMOUNT	Invoice Date
N12 Halfway stop	EFT 2020185001	R5 966,15	29-Jun-19
PC TRIO DOUGLAS	EFT 2020189030	R21 364,00	19-Jun-19
TCB Engineering	2020219002	R485 386,92	19-Mar-20
DIP SECURITY	2020225002	R13 222,50	01-Mar-20
Total		R525 939,57	

Cause

Irregular expenditure disclosure must correspond with underlying expenditure recognized in the statement of financial performance. Management disclosed the expenditure as per the statement of financial performance which is exclusive of vat and recorded in an incorrect period.

Impact

Overstatement of irregular expenditure with an extrapolated amount of R1 138 016

The opening balance is also overstated with an undeterminable value.

Impact

Remaining overstatement with extrapolated value of R776 299

Internal control deficiency

Financial and performance management

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information



Recommendation

Management should ensure that irregular expenditure disclosure must be equal to the corresponding underlying expenditure that has been recognized in the statement of financial performance. If the auditee has claimed VAT input on the expenditure, then the underlying expenditure would have been recognized exclusive of VAT and therefore the related irregular expenditure disclosure must be disclosed exclusive of VAT.

Management response

Management agrees and request to adjust.

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management agrees to the finding and request to adjust the population.

1. According to MFMA circular 68(updated October 2021 for use during the 2021/22 financial year) irregular should be disclosed inclusive of vat.
Subsequent to the communication from National Treasury, we can confirm that irregular expenditure is disclosed appropriately with the inclusion of vat.
Therefore, this part of the finding is resolved.

2. Management did not provide the proposed adjustment that will be passed to the auditors, which is limiting the auditors in confirming that the adjustment will be correct. This means that the management has to revisit the entire population of expenditure to determine that there are any other irregular expenditure transaction that was not included in the register. Management should revisit the entire irregular expenditure register to correct the issues mentioned above.

Additionally management stated that they revisited the entire population for the opening balance to correct issues that was raised in the prior year audit. However, management did not provide a schedule of the opening balance and a limitation issue was raised (ISS.118) therefore this implies that irregular expenditure is still qualified. Therefore adjusting for this issue will not change the qualification of the opening balance.



Based on the above, management is not allowed to adjust for the issue.

Impact

Remaining overstatement with extrapolated value of R776 299

101. ISS.141: Receivables from exchange: Support not provided for indigent exceptions Audit Finding

Requirement

Municipal Finance Management Act

The MFMA section 62(1) (c) (l) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Nature

During the testing of indigents, Information request number 65 was issued on the 2022/02/01 which was due on the 2022/02/03 of which the municipality was requested to provide to proof that the exceptions identified by the CAATs are invalid. The municipality did not support all the requested information to determine whether the CAATS exceptions are valid or not.

Cut off letter 05 of 2021 was issued on the 7th February and was due 8th February 2022 and no information was submitted.

Cause

The municipality does not have adequate controls in place to keep accurate, accessible and complete indigent records

Impact

The financial impact of the indigents cannot be quantified, based on the CAATs exceptions raised it was noted that ineligible debtors were recognized as indigent debtors. There is a possible understatement of debtors and an understatement of revenue by an undetermined amount.

Internal control deficiency

Financial management



Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is recorded and maintained

Recommendation

Recommendation

The management should ensure to implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is recorded and maintained.

Management response

Name:

Position:

Date:

Auditor's conclusion

Revenue

102. COMAF 09: ISS.07: Differences between amount charged and tariff policy

Audit Finding

Requirement

Section 62(1) (c) of the Municipal Finance Management Act states that:

"The accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

Nature

During confirmation of business process for revenue by performing walkthroughs, the following differences were identified:



Date	Customer name	Document details	Revenue	Amount charged	Auditor's re-calculation	Difference	Auditor's brief comment
31/08/2020	P. Chen	Invoice number: 202008/1315	Water basic - interest	R1,48	R0,00	R1,48	No approved interest rates in place.
31/08/2020	P. Chen	Invoice number: 202008/1315	Water metered - interest	R18,97	R0,00	R18,97	No approved interest rates in place.
31/08/2020	P. Chen	Invoice number: 202008/1315	Electricity basic - interest	R6,07	R0,00	R6,07	No approved interest rates in place.
31/08/2020	P. Chen	Invoice number: 202008/1315	Electricity metered - interest	R12,14	R0,00	R12,14	No approved interest rates in place.
31/08/2020	P. Chen	Invoice number: 202008/1315	Waste disposal	R2,86	R0,00	R2,86	No approved interest rates in place.
31/08/2020	P. Chen	Invoice number: 202008/1315	Sanitation basic - interest	R3,83	R0,00	R3,83	No approved interest rates in place.
07/06/2021	H.C. Kriel	Receipt no.: 07062021/4014638	Property rates	R1 465,30	R1 026,46	R438,84	Property rates not calculated correctly and difference identified between amount received and amount recorded

							in the billing run (R1 045).
04/06/2021	H.J. Beukes	Receipt no.: 04062021/4015098	Deposit - Electricity	R2 395,51	R2 392,51	R3,00	Incorrect tariff applied
02/03/2021	F.P. Tiers	Receipt no.: 02032021/9013317	Grave plots	R82,00	R0,00	R82,00	Grave plot not included in grave register. i.e. no proof of sale of plot.
07/12/2020	S. Madikane	Receipt no.: 07122020/8006045	Advertensie board (politiek)	R1 683,00	R1 178,24	R504,76	Incorrect tariff applied
25/05/2021	J. Yeast	Receipt no.: 25052021/5001835	Sewage obstruction	R167,39	R167,54	-R0,15	Incorrect tariff applied
01/07/2020	-	Receipt no.: 01072020/9000001	Building plans	R1 818,44	R0,00	R1 818,44	Application form requested but not submitted. Auditor unable to re-calculate amount charged.
30/06/2021	B.H. Johannes	Invoice number: 202106/000000005761	Metered electricity	R990,44	R946,24	R44,2	Incorrect tariffs applied.

Cause

This is due to lack of sound controls and incorrect tariffs applied.

Impact

The finding has an impact on the following components:

- Revenue from exchange transactions
- Revenue from non-exchange transactions
- VAT statutory receivables
- Receivables from exchange transactions



- Statutory receivables from exchange transactions

The full extent of the impact of this finding will only be quantified by the auditor later in the audit for inclusion in the management and audit report.

Internal control deficiency

Financial and performance management

Management did not implement controls over daily and monthly processing and reconciling of transactions.

Recommendation

Management should ensure that the correct tariffs are applied and that revenue due to the municipality is correctly accounted for.

Management response

Management response

Management partially agrees with the finding. In agreement with Receipt 04062021/4015098 and Receipt 25062021/5001835 only.

Name: R. Shuping
Position: CFO
Date: 23/11/2021

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management response noted and finding has been partially resolved except for instances where management has agreed with the finding. These will be assessed whether they should be reported on.

103. ISS.102: Unspent Grant : Unspent Grants are not cash backed

Audit Finding

Section 62 of the Municipal Finance Management Act (MFMA) requires the following regarding the general financial management functions:



- (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—
- (a) That the resources of the municipality are used effectively, efficiently and economically.

Section 63 of the Municipal Finance Management Act requires the following regarding the asset and liability management:

- (1) Accounting officer of a municipality is responsible for the management of—
- (a) The assets of the municipality, including the safeguarding and the maintenance of those assets; and
- (b) The liabilities of the municipality.
- (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—
- (a) That the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;
- (c) That the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed
- The total unspent grants as per the annual financial statements amount to R1 114 550
- The total available cash, represented by investment accounts, amount to R244 478.
- R870 072 of the unspent conditional grants are, therefore, not appropriately represented by available cash.

This is as the result of insufficient cash management at the municipality.

Internal control deficiency

Leadership - Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls

Recommendation

Management should implement appropriate cash management policies and procedures to ensure that funds committed for projects or specific purposes are immediately available.

Management response

Management agrees.

Name: Radiile Shuping
Position: AMM
Date: 08/02/2022

Name:
Position:
Date:



Auditor's conclusion

Management agrees with the finding therefore finding remains.

104. COMAF 18: ISS.107: Revenue (sale of metered electricity) - meter readings for electricity consumption not conducted.**Audit Finding**

Requirement/limitation

Section 62(1b) of Municipal Finance Management Act states that:

- (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—
- (b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Nature of finding

During the audit of revenue from exchange transactions: service charges (metered electricity) it was noted that the municipality in some instances did not conduct monthly readings for the billing of these services to an extent that for those particular months no revenue was billed on the customers for the consumption and only the basic charge was levied.

- (a) The Municipality does not do its meter readings on a monthly basis.
- (b) A reliable estimate is not made by management in the case where a meter readings was not performed.
- (c) And the customer is charged only a basic charge as no meter reading nor estimate.

No .	Account Id	FinYearMonth	DocumentTypeDesc	TransactionDate	Amount	Route number	Comment
1	5699	2020/2021 - December	Metered – Electricity	2021/01/05	577,63	RG2090A	No readings
2	103	2020/2021 - December	Metered – Electricity	2021/01/05	426,25	RH1044	No readings
3	301	2020/2021 - February	Metered – Electricity	2021/03/02	3546,06	RH2029	No readings
4	1356	2020/2021 - September	Metered – Electricity	2020/10/02	33324,09	ELECTRONIC	No readings
5	220	2020/2021 - January	Metered – Electricity	2021/02/01	1846,26	RH1080A	No readings

6	2984	2020/2021 - September	Metered – Electricity	2020/10/02	30 193,	503	No readings
7	2902	2020/2021 - October	Metered – Electricity	2020/11/05	09 47,	502	No readings
8	2907	2020/2021 - November	Metered – Electricity	2020/12/02	35 995,	502	No readings
9	680	2020/2021 - June	Metered – Electricity	2021/07/01	90 693,	RH1019	No readings
10	726	2020/2021 - May	Metered – Electricity	2021/06/02	22 282,	RH1032	No readings
11	695	2020/2021 - March	Metered – Electricity	2021/04/06	06 477,	RH4004	Locked
12	1425	2020/2021 - May	Metered – Electricity	2021/06/02	75 321,	RH2100	Prinsloo not found
13	5703	2020/2021 - April	Metered – Electricity	2021/05/04	1 807,37	RH3014	Gordon not found
14	1346	2020/2021 - December	Metered – Electricity	2021/01/05	5 105,09	RH1102	Locked
15	486	2020/2021 - March	Metered – Electricity	2021/04/06	1 138,10	RH3048	Locked

[B] During the audit of revenue it was identified that the municipality charges availability charges however it was noted that the availability charges were incorrectly disclosed under revenue from exchange transactions

Cause

This is due to lack of management oversight.

Impact

This may lead to revenue from exchange transactions (metered electricity) being understated by an unknown amount. This will be assessed further for reporting both in the management and audit report of the municipality.

B. This may result in a misstatement of R443 459

Internal control deficiency

Financial and performance management

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.

Recommendation

Recommendation



Management must ensure that monthly reading are done and on instances where the meters are broken/faulty these are immediately replaced so as to be able to collect all the revenue that belongs to the municipality.

Management response

Management does not agree with the finding.

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management comment noted. Subsequent to this finding, management provided proof (i.e. customer invoice) however the invoices were not sufficient in determining whether the reading was done as the meter reading sheets are used to record the reading and then captured on the system for billing.

Therefore this finding remains. A projection was done amounting to R 3 976 529. Availability charges should be correctly disclosed.

105. COMAF 17: ISS.116: Revenue (sale of metered water) - meter readings for water consumption not conducted.

Audit Finding

Requirement/limitation

Section 62(1b) of Municipal Finance Management Act states that:

- (1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—
- (b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;

Nature of finding

During the audit of revenue from exchange transactions: service charges (metered water) it was noted that the municipality in some instances did not conduct monthly readings for the billing of

these services to an extent that for those particular months no revenue was billed on the customers for the consumption and only the basic charge was levied.

(a) The Municipality does not do its meter readings on a monthly basis.

(b) A reliable estimate is not made by management in the case where a meter readings was not performed.

(c) And the customer is charged only a basic charge as no meter reading nor estimate.

No.	AccountId	FinYearMonth	ServiceDesc	TransactionDate	Amount	Route number	Comment
1	3250	2020/2021 - November	Water Metered	2020/12/02	31,57	502	No readings
2	1832	2020/2021 - August	Water Basic	2020/09/04	62,93	600	No readings
3	1994	2020/2021 - August	Water Metered	2020/09/04	333,05	100	No readings
4	866	2020/2021 - December	Water Basic	2021/01/05	62,93	300	Broken
5	732	2020/2021 - May	Water Metered	2021/06/02	179,15	502	No readings
6	1260	2020/2021 - October	Water Basic	2020/11/05	62,93	700	No readings
7	381	2020/2021 - March	Water Metered	2021/04/06	264,65	RH2126	No readings
8	599	2020/2021 - January	Water Basic	2021/02/01	62,93	500	No readings
9	1782	2020/2021 - October	Water Metered	2020/11/05	83,13	600	No readings
10	1053	2020/2021 - August	Water Basic	2020/09/04	62,93	700	No readings
11	3574	2020/2021 - June	Water Basic	2021/07/01	62,93	505	No readings
12	2010	2020/2021 - October	Water Basic	2020/11/05	62,93	100	No readings
13	2258	2020/2021 - March	Water Basic	2021/04/06	62,93	200	No readings
14	1428	2020/2021 - September	Water Basic	2020/10/02	62,93	RH2100 NR 4	No readings
15	1994	2020/2021 - November	Water Basic	2020/12/02	62,93	RH3057	No readings
16	2400	2020/2021 - March	Water Basic	2021/04/06	62,93	800	No readings
17	3386	2020/2021 - September	Water Metered	2020/10/02	8,22	504	No readings
18	2294	2020/2021 - January	Water Basic	2021/02/01	62,93	200	No readings

Cause

This is due to lack of management oversight.



Impact

This may lead to revenue from exchange transactions (metered water) being understated by an unknown amount. This will be assessed further for reporting both in the management and audit report of the municipality.

Internal control deficiency

Financial and performance management

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.

Recommendation

Recommendation

Management must ensure that monthly reading are done and on instances where the meters are broken/faulty these are immediately replaced so as to be able to collect all the revenue that belongs to the municipality.

Management response

Management does not agree with the finding.

Name: Radiile Shuping
 Position: AMM
 Date: 04/02/2022

Name:
 Position:
 Date:

Auditor’s conclusion

Management comments have been noted.

Subsequent to this finding, management provided proof (i.e. customer invoice) whereby the meter readings were depicted as well as the meter reading sheets. Reading could not be confirmed for the account numbers reflected below

Meter readings								
No.	Route number	Account number	Month	Category	Opening	Closing	Consumption	Comment
1	300	866	2020/2021 - December	Household	0	0	0	Broken



2	500	599	2020/2021 - January	Household	0	0	0	No readings
3	505	3574	2020/2021 - June	Household	0	0	0	No readings
4	100	2010	2020/2021 - October	Household	0	0	0	No readings
5	200	2258	2020/2021 - March	Household	0	0	0	No readings
6	800	2400	2020/2021 - March	Household	0	0	0	No readings

The issue has been updated and the remaining misstatement will be reported.

106. ISS.117: Revenue (sale of metered water) - differences identified between amount billed (in Rands) and auditor's re-calculated amount.

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control;

MFMA 64(2) (b)

The accounting officer of a municipality is responsible for the Management of the revenue of the municipality.

(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to

Ensure that revenue due to the municipality is calculated on a monthly basis;

Nature

During the audit of revenue from exchange transaction: Sale of water the following issues were identified as the municipality used the incorrect tariffs and no meter reading or estimate was made for the customer the issue is shown below:

Billing run						
No.	Accountid	OldAccountCode	FinYearMonth	ServiceDesc	TransactionDate	Amount
1	3250	50025A/501257	2020/2021 - November	Water Metered	2020/12/02	31.5 7
5	3613	500523/500821	2020/2021 - January	Water Metered	2021/02/01	77.6 5



6	1994	006057/000779	2020/2021 - August	Water Metered	2020/09/04	333.0	5
8	732	001504/000414	2020/2021 - May	Water Metered	2021/06/02	179.1	5
10	3699	500588/500276	2020/2021 - December	Water Metered	2021/01/05	6.8	5
11	381	000347/503405	2020/2021 - March	Water Metered	2021/04/06	264.6	5
13	786	001944/502107	2020/2021 - November	Water Metered	2020/12/02	304.5	5
14	1782	005806/001315	2020/2021 - October	Water Metered	2020/11/05	83.1	3
22	3386	500355/500827	2020/2021 - September	Water Metered	2020/10/02	8.2	2
24	2566	006458/001924	2020/2021 - March	Water Metered	2021/04/06	17.5	6
25	1045	002767/102973	2020/2021 - January	Water Metered	2021/02/01	184.8	5
26	3458	500412/503513	2020/2021 - August	Water Metered	2020/09/04	22.2	3
27	2054	006099/502721	2020/2021 - February	Water Metered	2021/03/02	31.5	7
28	2281	006225/503470	2020/2021 - June	Water Metered	2021/07/01	83.1	3
29	924	002066/502756	2020/2021 - June	Water Metered	2021/07/01	321.6	5
30	2950	500063/503443	2020/2021 - May	Water Metered	2021/06/02	8.2	2
Totals						2650.26	

Auditor's recalculation

Consumption	0 - 6 Kl	6 - 15 Kl	15 - 25 Kl	25 + Kl	Total	Difference
-	-	(28.00)	(82.22)	(142.38)	-	31.57
20.00	8.21	42.01	27.41	(28.48)	77.62	0.03
-	-	(28.00)	(82.22)	(142.38)	-	333.05
-	-	(28.00)	(82.22)	(142.38)	-	179.15
5.00	6.84	(4.67)	(54.81)	(113.90)	6.84	0.01
-	-	(28.00)	(82.22)	(142.38)	-	264.65



00	60.	21	8.	01	42.	81	54.	33	199.	6	304.3	0.19
-	-	-	-	00)	(28.	22)	(82.	38)	(142.	-	-	83.13
-	-	-	-	00)	(28.	22)	(82.	38)	(142.	-	-	8.22
00	8.	21	8.	33	9.	37)	(38.	82)	(96.	4	17.5	0.02
00	39.	21	8.	01	42.	81	54.	73	79.	6	184.7	0.09
00	9.	21	8.	00	14.	89)	(32.	12)	(91.	1	22.2	0.02
00	11.	21	8.	34	23.	92)	(21.	73)	(79.	5	31.5	0.02
00	21.	21	8.	01	42.	89	32.	78)	(22.	0	83.1	0.03
00	63.	21	8.	01	42.	81	54.	42	216.	4	321.4	0.21
00	6.	21	8.	-	-	33)	(49.	21)	(108.	1	8.2	0.01
										1	749.86	899.7
										7		

This is due to lack of sound controls on revenue management.

This will result in Revenue from exchange transaction being understated in the year under audit by a projected error of R1 230 395.58 and understatement of receivables from exchange transactions in the year under audit by a factual error of R1 230 395.

This is also a compliance with MFMA 64(2) (b) issue as there were no meter reading done nor was an estimate done for the customers

Subsequently information was provide and remaining misstatement of R9 369, 75 remained

Internal control deficiency

Financial and performance management

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.

Recommendation

Management must ensure that revenue is charged on the approved tarrifs and that meter readings are done on a monthly basis.

Management response



Name:

Position:

Date:

Auditor's conclusion

107. COMAF 19: ISS.125: Revenue from exchange-Information not submitted

Audit Finding

Limitation

Section 62 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) on general financial management states that: (1) The accounting officer of a municipality is responsible for the managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure - (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards

Paragraph 77 of the engagement letter states: " Requests for information will be submitted via email to the relevant person responsible, as assigned by the Accounting Officer for distribution and a carbon-copy (CC) will be forwarded to the CFO and the Accounting Officer (management):

- o Management has 3 working days to submit the information requested from the date the request was made. This turnaround time is considered reasonable in the light of the current restrictions imposed by the lockdown and social distancing regulations.
- o Failure to submit the information requested within the agreed timeframe will result in an audit finding and if material, individually or in aggregate, will impact the audit opinion.

Nature

Request for information 56 of 2021, for the rental from facilities and equipment supporting schedule/listing which was issued on 07 December 2021 and due 09 December 2021
Cause

Management did not ensure that information required for audit purposes was submitted before expiration of the request for information.

Impact

The non-submission of information will be reported as a limitation of scope.
Revenue from exchange transactions will be overstated with an amount of R429 314.



Internal control deficiency

Financial and performance management

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

Recommendation

It is recommended that management should implement proper record keeping to ensure that information are accessible and available to support financial and performance reporting.

Management response

The supporting schedule/listing will be submitted not later than 07 February 2022.

Name: Radiile Shuping
Position: AMM
Date: 04/02/2022

Name:
Position:
Date:

Auditor's conclusion

Management comments noted. However the supporting schedule will not be accepted as the date indicated above has passed.

108. ISS.138-Revenue : Commission is not accurately disclosed

Audit Finding

Requirement

In terms of Municipal Finance Management Act Section 62(1) (c) states:

The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that:

(c) That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control;

Nature



During the audit of revenue from exchange transaction, the following relating to commission received was noted:

- The contract between the municipality and department of transport was not obtained to confirm the arrangement send the commission rate of 12% applied.
- Commission received for motor vehicle registration the following difference was noted between the amount disclosed in the annual financial statements and the auditor's recalculation.

Amount as per the AFS		1 477
	695.00	
Amount as recalculated		114
	939.65	
Difference		1 362
	755.35	

This is due to lack of management oversight and inadequate review of the AFS.

This will result in the revenue from exchange transaction being overstated in the year under assessment by a factual error of R R1 362 755 and inability of the auditor to confirm the validity of the arrangement between the municipality and transport.

The error will be evaluated further for inclusion for reported in the management report and/ or audit report of the municipality for 2020/21 financial period.

Internal control deficiency

Financial and performance management

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.

Recommendation

Management must ensure that they recognise revenue in the annual financial statement accurately to reflect the commission for motor car registration and that a written agreement is in existence.

Management response

Management does not agree the commission is made up from Commission from Motor registrations of R131 254 and Third party collections R1 346 441 Please refer to the third party collections working paper on the commission was calculated using the 12% as per the contract for the Motor registrations commission.

Management agrees that the Value in the face of the Income statement does not agree to the not on commission and request to adjust the note to agree to the face of the AFS.

The above have been discussed with the auditor when the initial finding was raised in COMAF 6 ISS.28: Differences between AFS, TB, GL and other supporting schedules, Whereby we agreed



that the face of the income statement does not agree to the note and we requested to adjust the note, it was further demonstrated to the auditor that the commission is made up of 2 types of commission the motor registrations R131 254 which is calculated under third party collections and the Third party deductions.

Name: Radiile Shuping
Position: AMM
Date: 11/02/2022

Name:
Position:
Date:

Auditor's conclusion

Auditor's conclusion

Management comments have been noted. This issue however remains until the proposed adjustments have been made available to the auditors.

Subsequently the disclosure of the commission was corrected as the face of AFS agreed to the note however no supporting information was submitted to support the commission received from third party payments of R1 346 441.